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by

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To George A. Rothrock who set me off.

Abstract

Today it has become nigh axiomatic that international relations, especially in certain regional theatres such as the North Atlantic, have moved increasingly away from Realist scenarios of brutish power politics towards the management of political, economic, and social interdependence. Employing an analytical framework recently proffered by Professors Robert O. Keohane and Joseph S. Nye, Jr., "complex interdependence," slightly retooled to allow a sub-systemic focus highlighting in particular the role of Canadian prime ministers, this dissertation undertakes an analytical history of Canada's evolving relations with the European Community from the EC's inception in 1958 to 1980. The hypothesis put forward holds that the Canada-EC dyad underwent a notable change of regime, defined by the analytical framework as the "rules of the game," deliberately instituted and obeyed by the decision-makers, in the direction of the definitional triad of complex interdependence, i.e. the existence of multiple channels of access, the absence of an issue hierarchy, as well as abstinence from grossly harmful threats. A subsidiary argument assumes the dominant influence of that most powerful figure in the Canadian political system, the prime minister.

Following a conceptual chapter developing and refining the analytical framework, the study proceeds largely chronologically, starting with a brief flashback examining early Canadian reaction to the European integration movement prior to the establishment of the EEC and Euratom. The Diefenbaker era, with the "Chief's" nostalgic attachment to increasingly chimerical Commonwealth notions, emerges as a time of political conflict between Canada and the EC much closer to Realist conditions than complex interdependence. The ensuing years of relative inaction by Prime Minister Lester B. Pearson had a healing effect and helped set the stage for the vigorous pursuit of a "contractual link" between Canada and the EC, conceptually highly compatible with complex interdependence, by Mr Pearson's successor, Pierre Elliott Trudeau.

This study concludes that complex interdependence, in any event an ideal type, has been approximated only in this last positive phase of Canada-European Community relations under Prime Minister Trudeau. Also, assigning the prime minister a central part in the analytical framework was borne out as injecting considerable explanatory utility.

Table of Contents

Chapter Page

I. Introduction and Outline ... 1

II. Some Conceptual Preliminaries: An Essay in Eclecticism ... 6

A. Introduction ... 6

B. The Framework ... 9

Complex Interdependence ... 9

Complex Interdependence and Realism ... 16

Politics, Economics, and Decision-Making Under Complex Interdependence ... 23

C. The EC as an Actor Under Complex Interdependence ... 29

III. The Backdrop: Canada, the North Atlantic Triangle, and European Unification, 1945-1957 ... 41

IV. Opportunities Lost: The Diefenbaker Era in Canada-EC Relations, 1958-1963 ... 62

A. Introduction ... 62

B. Mr Diefenbaker, Canadian Foreign Policy, and the EC ... 65

C. Structures, Processes, and Issues ... 75

Economic Implications ... 75

Enlargement ... 81

Bilateralism and Multilateralism ... 98

The Euratom Link ... 109

Seeds of Transnationalism ... 118

D. Conclusion ... 123

V. Paradox: The Pearson Years of Inaction, 1963-1968 ... 127

A. Introduction ... 127

B. Mr Pearson, Atlanticism, and the EC ... 130

C. Structures, Issues, and Processes ... 140

Enlargement ... 140

Bilateralism ... 148

Euratom ... 150

Multilateralism ... 153

Transnationalism ... 156

D. Conclusion 161

VI. The Missing Link: Trudeau and the Changing Regime of Canada-EC Relations, 1968-1980 163

A. Introduction 163

B. Foreign Policy Review, Transnationalism, and the EC 167

C. Structures, Processes, and Issues 183

Enlargement 183

Multilateral Reflex 189

Nature of the Link 194

Access to Raw Materials 221

Managing Canada-EC Interdependence 245

D. Conclusion 271

VII. Conclusion 276

Bibliography 289

Appendix 313

A. The Framework Agreement 314

B. A Canada-EC Chronology 322

C. Canada-EC Trade 335

List of Tables and Figures

Table 1: Complex Interdependence as an Analytical Concept 17

Figure 1: The European Community as an International Actor 31

Figure 2: The Institutions of the European Community and Their Decision Process 36

I. Introduction and Outline

"La souverainete, c'est quelque chose."

– Charles de Gaulle.

If international relations constitute "that area of human action where inescapable interdependence meets with inadequate control,"[1] this axiom is rarely more thoroughly vindicated than in the case of Canada as a North Atlantic riparian. Embarking upon "her career on the international stage as a puny third party to a grand settlement between two great powers,"[2] to cite John Brebner's incisive if unflattering assessment, interdependence has been placed into the very cradle of Canadian foreign policy. As one of Canada's most profiled statesmen and diplomatists sighed in literate exasperation,

> we achieved our political independence, our sovereignty, precisely at a time when, demonstrably, sovereignty and independence gave no assurance of security or of progress. We had to learn that aspirations of independence often had to be reconciled with the necessitites of interdependence. It was a difficult time to come of age ....[3]

To be sure, Canadian interdependence in the late nineteenth century differs materially from today's, having metamorphosed through three major phases.

The first phase of British domination drew to a close with the armistice of 1918 (at the very latest). Canada had for some felt time disappointed with London's apparent readiness to sacrifice Canadian concerns in boundary disputes and fishing questions, for instance, on the altar of an Anglo-American *entente cordiale*. As early as 1907 Sir Joseph Pope, in a memorandum to the Royal Commission on the Civil Service, counselled the institution of a Canadian foreign service. The twin functions of the small crew modestly quartered two years later above a Bank Street barber shop were to improve the articulation of Canadian views--albeit ~~still~~ from within British missions and delegations--and to facilitate the management of the burgeoning relations with the southern neighbor.

---

[1] Karl W. Deutsch, *The Analysis of International Relations* (Englewood Cliffs, N.J.: Prentice Hall, 1968), p. v.
[2] John B. Brebner, *North Atlantic Triangle. The Interplay of Canada, the United States and Great Britain* (Toronto: McClelland and Stewart, 1966), p. 188.
[3] Lester B. Pearson, *Mike. The Memoirs of the Right Honourable Lester B. Pearson,* Vol. I, *1897-1948* (Toronto: University of Toronto Press, 1972), p. 65.

Canada's distinguished though painfully dear involvement in the First World War--60,000 Canadian casualties were left in the muddy trenches the cynical euphemism knows as the field of honour--strengthened her determination to break out of Great Britain's wake. Still, Canada continued to operate within the Imperial formation, endowed with the malleably ill-defined Dominion status. In this second, intermediate period Britain and the United States both functioned as the main navigational references of Canadian foreign policy, however now on a more or less equal footing. Subscribing to the comfortable illusion of the "lynch-pin theory," a phrase coined in February 1930 by Winston Churchill in the *Saturday Evening Post*, Ottawa's decision-makers saw themselves as intermediaries and interpreters to the two great Atlantic powers, divided as the adage has them by the same language, while equilibrating the two against one another.

Consolidated quite deliberately by Liberal administrations in Ottawa, the third phase, that of American preponderance, was ushered in hurriedly through the exigencies of efficient war-time cooperation, formalized at Ogdensburg and Hyde Park. Especially after the end of United States "neutrality," London and Washington no longer made any bones of their ability to understand each other. The transitional period therewith drew to a close. In economic and trade terms it was marked by the waxing of the United States and the waning of Great Britain.[4] The price attached to extrication from Britain's frequently tutoring hegemony gradually presented itself. There was even talk of a complete merger into one continental economy. While this has not come to pass, vitriolic New Left protestations to the contrary, the Canadian-American symbiosis henceforth resembled more than ever the "Siamese Twins of North America who cannot separate and live:"[5] the counterweight to British preponderance had functioned too well and the scales tipped heavily on the other side. Not until the 1970s did the economically potent block of western European nations, in tandem with Japan, provide what appeared to be a means for redressing the situation. Should the EC ever prove a true counterweight to the United States, a fourth phase will have set in.

---

[4] Between 1921 and 1938 the United States never provided less than 54.9 per cent of Canada's imports (in 1934) and averaged 63.4 percent, peaking in 1921 and 1922 at 69 per cent. By comparison at best 24.2 per cent of Canadian imports originated in the United Kingdom (1934), and as little as 15.2 per cent in 1930, for an average of 18.2 per cent. On the export side, the US received an average of 40.1 per cent, least in 1934 (33 per cent) and most in 1930 (46 per cent). Britain averaged at 33.4 per cent, ranging from 25.1 per cent in 1930 to 43.3 per cent in 1934. Note the parallelity of the fluctuations, which cannot detract from Britain's second place. Based on data garnered from M.C. Urquart and K.A.H. Buckley, eds., *Historical Statistics of Canada 1867-1960* (Toronto: Cambridge University Press, 1965), passim.

In short, then, the management of interdependence by way of counterweights looms large in Canada's North Atlantic travails. Whether or not the European Community already "has supplanted Britain in Canada's North Atlantic triangle"[6] and if so how, remains to be examined in the remainder of this study. Canada's premier conservative thinker is indubitably correct in positing "the British connection" as a "source of Canadian nationalism." "The west-east pull of trade--from the prairies down the Great Lakes and the St. Lawrence, to western Europe--provided a counter-thrust to the pull of continentalism. It depended on the existence of a true North Atlantic triangle."[7] What is more, the swelling tide of Trudeaumania in 1968 swept to power a dynamic Liberal Prime Minister with an "operational code" central to which was the quest for equilibrium:

> The theory of checks and balances, so acutely analysed by [Montesquieu and de Tocqueville] ..., has always had my full support. It translates into practical terms the concept of equilibrium that is inseparable from freedom in the realm of ideas. It incorporates a corrective for abuses and excesses into the very functioning of political institutions.
>
> My political action, or my theory ... can be expressed very simply: *create counterweights.*[8]

Small wonder that the "counterweight thesis" is a favourite mould into which to cast analyses of Canada-EC relations. But, disappointingly, one quantitatively inclined scholar estimates the degree to which Canadian behavior toward Europe is a function of this country's relationship with the US at only between thirty and 40 per cent, requiring the scrutiny of other "internal and systemic determinants" for a full explanation.[9]

---

[5] Brebner, *North Atlantic Triangle*, p. xxv. For the social and intellectual background to the North Atlantic Triangle see John L. Finlay, *Canada in the North Atlantic Triangle. Two Centuries of Social Change* (Toronto: University of Toronto Press, 1975).

[6] Peyton V. Lyon and Brian W. Tomlin, *Canada as an International Actor* (Toronto: Macmillan, 1979), p. 12.

[7] George Grant, *Lament for a Nation. The Defeat of Canadian Nationalism* (Toronto: McClelland and Stewart, 1970), p. 33.

[8] Pierre E. Trudeau, *Federalism and the French Canadians* (Toronto: Macmillan, 1977), p. xxiii. Emphasis added.

[9] Michael B. Dolan, "Western Europe as a Counterweight: An Analysis of Canadian-European Foreign Policy Behaviour in the Post-War Era," in Brian W. Tomlin, ed., *Canada's Foreign Policy: Analysis and Trends* (Toronto: Methuen, 1978), p. 44. Part of the trouble with Dolan's notion of 'counterweight' is its restrictive American-European reading somewhat at the expense of the British dimension. See also Peyton V. Lyon,

The examination of these determinants by way of an analytical history of Canada-EC relations is the *raison d'etre* for this study. Canada's relations with the European Community cannot be separated from Ottawa's perennial search for counterweights in the triangular constellation dominating Canada's foreign policy which permitted breaking out of the British orbit only at the price of being drawn into the United States'. Consequently, this author maintains, there is nothing inherently inconsistent between the Diefenbaker government's vociferous opposition to British entry into the EC lest the "natural" counterweight to the overwhelming neighbour, the Commonwealth, be fatally weakened, and Prime Minister Trudeau's later wooing of a European Community in the seventies, now enlarged by Britain among others. *If* Europe is ever to make a counterweight to the US, *then* it can do so only on similar grounds, namely a regime of "complex interdependence." The present hypothesis thus holds "complex interdependence," to be outlined below, to have been recognized and acted upon only in the last, positive phase of the Trudeau administrations. In the terminology of the analytical framework to be employed, this study will trace the changing regime of Canada-EC interactions between 1958 and 1980.

These pages are undergirded by the "great-men-make-history" theorem, misnomer though this may be, to the extent that Canadian prime ministers are assumed to indelibly impress their mark upon the country's foreign policy, be it in pursuit of differing aims, or of the same goal by differing means.[10]

---

[9] (cont'd)"Quest for Counterweight: Canada, Britain, and the EEC," *International Perspectives* 1 (March-April 1972), pp. 26-31, and his "The Quest for Counterweight: Canada' and the Expanding European Community," in Peter Stingelin, ed., *The European Community and the Outsiders* (Don Mills, Ont.: Longman, 1973),pp pp. 49-61. Also Peter C. Dobell, "Europe: Canada's Last Chance?" *International Journal* 27 (Winter 1971-2), pp. 113-33, and also ch. 6 of his *Canada's Search for New Roles. Foreign Policy in the Trudeau Era* (Toronto: Oxford University Press, 1972), pp. 86-102. A well reasoned and thourough treatment can be found in John W. Holmes, *Canada: A Middle Aged Power* (Toronto: McClelland and Stewart Limited, 1976), Part III, "Counterweights," p. 126ff. For a more up-to-date assessment see Michael Tucker, *Canadian Foreign Policy: Contemporary Issues and Themes* (Toronto: McGraw-Hill Ryerson Limited, 1980), ch. 4, pp. 126-142.

[10] For an elaboration consult for instance Peyton V. Lyon, "Prime Minister Diefenbaker and the Cuban Missile Crisis," in Thomas A. Hockin, ed., *Apex of Power. The Prime Minister and Political Leadership in Canada*, 2nd ed. (Scarborough, Ont.: Prentice Hall, 1977), pp. 294-306, and Bruce Thordarson, *Trudeau and Foreign Policy. A Study in Decision-Making* (Toronto: Oxford University Press, 1972), passim. Two older but still authoritative sources are James Eayrs, *The Art of the Possible. Government and Foreign Policy in Canada* (Toronto: University of Toronto Press, 1961) as well as R. Barry Farrel, *The Making of Canadian Foreign Policy* (Scarborough, Ont.: Prentice Hall, 1969). The

[10] The introduction to the analytical framework in the next Chapter will be followed by a short historical *tour d'horizon* of Canada's reaction to the European unity movement prior to 1958 to identify the origins of several recurrent issues in Canada-EC relations. The Diefenbaker era will be investigated next, stressing the notion of the Commonwealth as a counterweight, the "Chief's" pro-British world view and the blow dealt it by London's application for EC membership. The Pearson years, a time of non-decision regarding the European Community, presented something of a paradox in light of the Prime Minister's avowed Atlanticism and sympathetic inclination towards international organizational efforts generally. Britain's successful bid for entry into "Europe" in the 1970s and the apparent emphasis in Ottawa on diversification through the Third Option mark Trudeau's prime ministership. An enlarged EC with its enhanced international stature seemed to offer itself as a viable equipoise countering American hegemony and to this extent encouraged the "institutionalization" of "complex interdependence" with the contractual link. The Clark interlude, most notable for the reversed foreign political stances of Canada's major parties due to Mr Clarks' blatant continentalism, was of too brief a duration to warrant a separate chapter, although relevant remarks have been included in the scrutiny of the Trudeau era. All substantive chapters are structured parallelly. After a short introduction, the role of the European Community will be related to the main themes in each prime minister's foreign policy. Thereafter, the structures, issues, and processes of Canada-EC relations are detailed. A concise conclusion then ties the evidence adduced into the three defining characteristics of "complex interdependence" postulated by the analytical framework. The Conclusion will then draw these threads together into more normative policy recommendations designed to bolster Canadian-European complex interdependence for the future.

To avoid any confusion: all interdependent relationships among international actors are, in the nature of things, complex. The expression "complex interdependence," all evidence to the contrary notwithstanding, does not provide a pointless glimpse of the obvious but rather refers to a specific and definitionally circumscribed constellation of environmental conditions which together with their ramifications for international politics form the subject of the next Chapter.

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[10](cont'd)dominant position of the Prime Minister in Canadian politics generally is the theme of W.A. Matheson, *The Prime Minister and the Cabinet* (Toronto: Methuen, 1976).

II. Some Conceptual Preliminaries: An Essay in Eclecticism

> "Wissenschaft, sie ist und bleibt,
> Was einer ab vom andern schreibt."
>
> – Eugen Roth

A. Introduction

Students of international affairs, even when agreed on a fit subject, are apt to find themselves at daggers drawn over points of theory and conceptualization--a state of affairs which necessitates every study to be prefaced by a digression into methods. To open with a disclaimer, this author does not intend to inflate further the already voluminous body of literature in an attempt at tilting the balance of our intradisciplinary debate on epistemology to the advantage of either side. Consequently, this chapter will not seek to establish whether Lijphard's "revolution" in political science has seen the adherents of the "scientific" approach storm the bastions of traditional or classical political and international studies.[11] Nor will it speculate which (if any) wave we happen to be surfing on[12] or indeed whether the rumored current post-behavioral one has carried us forward or washed us back out to sea away from the archipelago of disparate "islands of theory"[13] already extant. No pretense will be made to developing some novel theory (understood here to mean a network of generalizations or laws connected by various assumptions and propositions to allow explanation of past events and ultimately prediction) with a "rigorous" test by means of sophisticated statistical manipulations so as to provide a new evidential piece for the interminable empiricist puzzle which allows for ever more corroboration but never final proof.

---

[11] For a discussion of these issues see Arend Lijphard, "The Structure of the Theoretical Revolution in International Relations," *International Studies Quarterly* 18:1 (March 1974), esp. p. 62f; see also Kenneth W. Thompson, "The Empirical, Normative, and Theoretical Foundations of International Studies," *Review of Politics* 29:2 (April 1967), pp. 147–59, as well as Hedley Bull, "International Theory: The Case for a Classical Approach," *World Politics* 18:3 (April 1966), pp. 361–77. For a most intelligent critical asssessment of the theoretical/explanatory state of the discipline consult Charles Reynolds, *Theory and Explanation in International Politics* (London: Martin Robertson, 1973). In the context of Canadian foreign policy, various approaches are surveyed in the excellent concluding chapter "Analytical Alternatives" in Denis Stairs, *The Diplomacy of Constraint. Canada, the Korean War and the United States* (Toronto: University of Toronto Press, 1974), pp. 297–333.

[12] See Charles A. McClelland, "On the Fourth Wave: Past and Future in the Study of International Systems," in James N. Rosenau, Vincent Davis, Maurice A. East, eds., *The Analysis of International Politics. Essays in Honor of Harold and Margaret Sprout* (New York: The Free Press, 1973), pp. 15–40.

[13] The frequently cited "islands of theory" analogy is Charles A. McClelland's, "International Relations: Wisdom or Science?" in James N. Rosenau, ed., *International Politics and Foreign Policy. A Reader in Research and Theory*, 2nd. ed. (New York: The Free Press, 1969), p. 5.

At the risk of incurring the ire of or at least disappointing more positivistically inclined colleagues, this author, undisturbed by the no doubt relatively pedestrian theoretical level of the ensuing analytical framework, has chosen an unabashedly utilitarian approach gleaned from E.H. Carr. Commenting on Lytton Strachey's whimsical observation declaring ignorance the "first requisite of the historian, ignorance which simplifies and clarifies, which selects and omits," Carr remarked in the first of his celebrated George Macauley Trevelyan lectures:

> The modern historian enjoys none of the advantages of this built-in ignorance. He must cultivate this necessary ignorance for himself--the more so the nearer he comes to his own times. He has the dual task of discovering the few significant facts and turning them into facts of history, and of discarding the many insignificant facts ...[14]

Even without substitution of "political scientist" for "modern historian," the assertion's pertinence to the analyst of contemporary international relations is patent, overwhelmed as he is by abundant information from the cornucopia of media, scholarly, and other sources.[15]

Dressed up in more fetching garb, Carr's "ignorance" emerges as the inevitable selectivity imposed upon writers on matters political: to render it less random while simultaneously laying the author's assumptive cards on the table is the job of the analytical framework. Thus quite modestly delimited, the analytical framework is treated here primarily as a useful checklist of salient factors to guide research, albeit rooted in a more comprehensive theory as defined earlier. *Mutatis mutandis,* the process of "operationalization," employed only with considerable reluctance due to the term's innuendo of precise quantification, is understood most flexibly as the phenomenological bridge conceptually joining the analytical framework and the subject matter under scrutiny.

---

[14] Edward H. Carr, *What is History? The George Macauley Trevelyan Lectures Delivered in the University of Cambridge, January March 1961* (Harmondsworth, Middlesex: Penguin Books, 1976), pp. 14-5.

[15] "One of the paradoxes of the age of the memorandum and the Xerox machine, of proliferating bureaucracies and comprehensive record-keeping," Henry Kissinger muses grumblingly in his *Memoirs,* "is that the writing of history may have become nearly impossible." Henry A Kissinger, *White House Years* (Boston: Little, Brown and Company, 1979), p. xxii.

The object of this Chapter, then, is to reach the stage of "optimal partial ignorance"[16] by compiling such a checklist. After much tortuous twisting and experimenting with Keohane and Nye's complex interdependence,[17] the impetus to this study grew out of an intriguing paradox pervading *Power and Interdependence*, to be chiseled out after a short introduction to the paradigm proper. The book's unabashedly systemic focus might have restricted it to a description of the parametric props for the actors on the international scene. As will be demonstrated, Keohane and Nye's construct can be built up beyond the analytical equivalent of Potemkin's villages by inserting a crucial centerpiece: the will of the decision-makers. For the case on hand, this is the cue bringing onto stage the four Canadian Prime Ministers from 1957 to 1980. With the exception of Prime Minister Trudeau, who was succeeded by, however briefly, and in turn succeeded Mr Clark, this suggested a chronologically sequential organization. Reasoning with Herbert Feis, this author, too, "favored consecutiveness over concentration on a few main dramatic occasions or acts. Since the fullness of reality or truth ... resides in the continuity of influences and behavior, it is to be perceived only by slow travel along the whole stream of eventful detail."[18] Though this need not produce a blow-by-blow account, in this case of Canada-EC relations, it does, as a bonus, foster a more fluent narrative.

One further remark imposes itself prior to delving in *medias res*. To be sure, no analytical framework is sacrosanct and constructive criticism is quintessential to evolution in academe. It is still noteworthy that Keohane and Nye gracefully absolve one from the shivers of trepidation which potentially accompany major incisions into existing frameworks. They make provision for research within the complex interdependence paradigm on a subsystemic plane:

---

[16] This phrase is P.M. Townroe's, "Regional Policy and Planning. Future Research Priorities," in Morgan Sant, ed., *Regional Policy and Planning for Europe* (Westmead, Farnborough: Saxon House, 1974), p. 233. Evidently historians are not alone in their appreciation of the utility and endemic creativity of ignorance.

[17] Introduced in Robert O. Keohane and Joseph S. Nye, Jr., *Power and Interdependence. World Politics in Transition* (Boston: Little, Brown and Company, 1977).

[18] Herbert Feis in his Foreword to *Churchill, Roosevelt, Stalin. The War They Waged and the Peace They Sought*, 2nd ed. (Princeton, N.J.: Princeton University Press, 1967), p. v.

> To analyse national policies under conditions of complex interdependence, one would need to ask questions that are quite different from those that we have posed: (1) What range of choice is available to societies confronted with problems arising from interdependence; that is, how severe are the external constraints? (2) What determines the responses that are chosen and their success or failure?[19]

With this in mind, Keohane and Nye have no qualms about positively inciting eclecticism:

> Contemporary world politics is not a seemless web; it is a tapestry of diverse relationships. In such a world, one model cannot explain all situations. The secret of understanding lies in knowing which approach or combination of approaches to use in analysing a situation.[20]

B. The Framework

Complex Interdependence

As a point of effective analytical leverage, interdependence does not, on the face of it, seem to recommend itself: at a time when a favorite and as much used as abused cliche posits a shrinking world, interdependence looks like a truism at best and "globaloney"[21] at worst. This impression is rapidly confirmed by the notably vacuous and vague ring to the term's definition, designating according to Oran R. Young "the extent to which events occurring in any given part or within any given component unit of a world system affect (either physically or perceptually) events taking place in each of the other component units of the system."[22] Young hails the "level of interdependence ... [as] a powerful explanatory variable,"[23] without putting much meat on his stylized skeleton of interdependence abstracted into little beyond a measure of systemness.[24]

Thus far the crowning achievement of several cooperative ventures into the wider analytical applicability of the concept,[25] *Power and Interdependence* in many ways consummates a shifting concern in post-World War Two international studies which needs to be contoured here only in broad strokes. Edouart Herriot's aphorism according to which nothing constructive could be done in foreign policy if subjected to considerations of home policy, no doubt overstating the case already then, today is positively anathema. K.J. Holsti's eloquent advocacy of a retreat from a grand-theoretical utopia, though by no means denying states' continued prevalence as the prime locus of international decision-making, is nevertheless predicated precisely on the inadequacy of envisaging the international system with component units (read: nation states) like impermeable compartments.[26] Such trusty "major simplifying assumptions" are also emphatically rejected by O.R. Young as "either no longer valid or ... increasingly hedged about by a variety of complicating relationships on a subsidiary level."[27] James Rosenau buried his famed Pre-Theory, easily among the most controversial writings of international studies' *Sturm und Drang* in the 1960s, under a wad of pages happily belaboring the discovery of vast affinities between political science's artificial subdivisions commonly known as "international relations" and "comparative politics."[28] Its most constructive contribution consists not so much of the rather arcane collection of variables, but the concept of "penetrated systems" in an environment marked by "the fusion of the national and international systems in certain kinds of *issue* areas."[29]

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[19] Keohane and Nye, *Power and Interdependence*, p. 223. Clearly, this latter question is addressed in this study. Compare this list with the rather longer one at the end of Keohane and Nye's "Introduction: The Complex Politics of Canadian-American Interdependence," *International Organization* 28 (Autumn 1974), pp. 606-7.

[20] Keohane and Nye, *Power and Interdependence*, p. 4.

[21] The term appears in ibid, p. 3.

[22] Oran R. Young, "Interdependencies in World Politics," *International Journal* 24:4 (Autumn 1969), p. 726.

[23] Ibid, p. 750.

[24] After all, "system," defined most generally, designates a set of interlocking and interacting elements.

[25] Especially relevant here are the previously cited "Complex Politics of Canadian-American Interdependence" as well as their "International Dependence and Integration," in Fred I. Greenstein and Nelson W. Polsby, eds., *Handbook of Political Science*, Vol. III, *International Politics* (Reading, Mass.: Addison Wesley, 1975), pp. 363-414.

> A penetrated political system is one in which *non-members of a national society participate directly and authoritatively, through actions taken jointly with the society's members, in either the allocation of its values or the mobilization of support on behalf of its goals.*"[30]

Three years later Rosenau still called for a "unit-environment theory" on the grounds that acknowledgement of interdependence as a prevalent condition has failed to entrench "conceptual allowance for it."[31]

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[26] Kal J. Holsti, "Retreat from Utopia: International Relations Theory, 1945-70," *Canadian Journal of Political Science* 4 (June 1971), pp. 165-77. He has grappled with the same theme more recently in his review article "A New International Politics? Diplomacy in Complex Interdependence," *International Organization* 32:2 (Spring 1978), esp. pp. 513-20. A more general overview of the pertinent literature is Peter Gourevitch, "The Second Image Reversed: International Sources of Domestic Politics," *International Organization* 32:4 (Autumn 1978), pp. 881-911.

[27] Oran R. Young, "Political Discontinuities in the International System," in Rosenau, *International Politics and Foreign Policy*, p. 341.

[28] James N. Rosenau, "Pre-theories and Theories of Foreign Policy," in R. Barry Farrell, ed., *Approaches to Comparative and International Politics* (Evanston: Northwestern University Press, 1966), pp. 27-92.

[29] Ibid, p. 53. Emphasis provided.

[30] Ibid, p. 65. Emphasis provided.

[31] James N. Rosenau, "Introduction: Political Science in a Shrinking World," in James N. Rosenau, ed., *Linkage Politics. Essays on the Convergence of National and International Systems* (New York: The Free Press, 1969), pp. 4-5. See also in the same volume his

[31] a sorry state of affairs which his abortive "linkage theory," unveiled in 1969, has failed, barring its sudden resuscitation, to remedy.

While the pendulum has not swung all the way from Herriot to the economic historian Charles Beard's demotion of foreign policy to only a phase of domestic politics, the "new orthodoxy," which Keohane and Nye likely feel much less pontifical about than imputed by one critic's charge of their "canonically expounding" it,[32] does find external and domestic policies "increasingly difficult to disentangle."[33] In the wake of major technological breakthroughs in communications, transportation, and weaponry,

> the level of interdependence among the component units of the world system has risen markedly not so much as a function of any increase in the volume of transactions among the units as because the units are becoming increasingly sensitive to the activities of each other as their natural freedom of action becomes more and more circumscribed.[34]

These were the material corollaries of what Brookings' Peter Jay has correctly identified as the "main lessons of the 1930s," subsequently "reinforced by the new threat of Soviet power."[35] They include the rejection of rampant nationalism, the acknowledgement of the necessity for an international legal framework to act as a prophylactic conciliator, backed up, in the event of failure, by collective security, and, last but not least, the repudiation of protectionist economic and monetary policies. As a result, the boundaries of international and domestic politics blurred. At least one noted scholar is prepared to jettison this segmentation altogether.[36] To do justice to such "an historic change of great magnitude"[37] requires a wider beam than the spotlight of traditional international studies provides. States are neither (1) always unified actors, nor (2) the only really significant *dramatis*

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[31] (cont'd)"Toward the Study of National-International Linkages," pp. 44-63.
[32] Uwe Nerlich, "Western Europe's Relations with the United States," *Daedalus* 108 (Winter 1979), p. 95.
[33] Keohane and Nye, *Power and Interdependence*, p. ix.
[34] Young, "Interdependencies in World Politics," p. 739.
[35] For a brief but excellent review of the state of transatlantic relations, see Peter Jay, "Europe's Ostrich and America's Eagle," *The Economist*, 8 March 1980, pp. 19-29. The quotes are on p. 20.
[36] "The pluralism of sovereignties in the international system differs in degree, not in kind from the highly integrated state. In the case of loosely integrated states, the degree of variance from some international systems is frequently negative. The measure of unity achieved by the countries of the European Communities, to take the most obvious example, is greater than that attained within the domestic political systems of most underdeveloped countries today. The NATO alliance has demonstrated a greater degree of political solidarity than has the State of Pakistan, and the governments of the Warsaw Pact powers have often been closer to one another than some of these governments have been to their own peoples." Richard W. Sterling, *Macropolitics. International Relations in a Global Society* (New York: Alfred A. Knopf, 1974), p. 461.
[37] Keohane and Nye, "International Interdependence and Integration," p. 389.

personae centerstage.

Complex interdependence refines these environmental assumptions into the conceptual triad of multiple channels of access, the absence of an issue hierarchy, and abstinence from the use of force.[38] Cross-boundary interactions become enveloped in either or both of "societal" and "policy" interdependence, the former denoting "the extent to which events in one society (not necessarily controlled or monitored by governments) affect events in another," the latter "the extent to which governments are affected by one another's policies so that they react to changes in policy by the other side."[39] More traditional diplomatic contacts thus become supplemented (albeit not superceded) by various mutations of transnationalism, that is, "interactions across the border in which at least one actor is nongovernmental," and transgovernmentalism, or "direct interactions between agencies (governmental subunits) of different governments where those agencies act relatively autonomously from governmental control."[40] Elsewhere these are encountered as the ubiquitous "backchannels" of Kissingerian parlance.[41]

Secondly, Keohane and Nye postulate the absence of a hierarchy of issues in international dealings, removing military security considerations from the pinnacle. Rosenau not only recognized the mobility of issues along vertical lines from a purely local concern through national prominence, which can catapult it into the international arena (or vice versa), but also took a leaf out of Dahl's book in demonstrating that the actors involved may well differ by issue:[42] this clearly ties in with the multiple access channels across borders which encourage both *intra-* and *inter*governmental coalitions as well as extragovernmental contacts bypassing the foreign office.[43] The determination of what constitutes issues is strictly perceptual. In Keohane and Nye's picturesque parable,

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[38] Keohane and Nye, *Power and Interdependence*, pp. 24-5.

[39] Keohane and Nye, "Complex Politics of Canadian-American Interdependence," p. 600. In their earlier "International Interdependence and Integration," pp. 370-2, they still offered a third, economic category; but it seems to this author justifiably subsumed under the "societal."

[40] Keohane and Nye, "Complex Politics of Canadian-American Interdependence," p. 596. Compare also Susan Strange, "The Study of Transnational Relations," *International Affairs* 52:3 (July 1976), pp. 333-45.

[41] Throughout Kissinger, *White House Years*, this term crops up time and again.

[42] Rosenau, "Pre-theories," p. 81f. Rosenau bunches related issues into "issue areas," i.e. "(1)a cluster of values, the allocation or potential allocation of which (2) leads the affected or potentially affected actors to differ so greatly over (a) the way in which the values should be allocated or (b) the horizontal levels at which the allocationsshould be authorized that (3) they engage in distinctive behavior designed to mobilize support for the attainment of their particular values."

[43] See Keohane and Nye, *Power and Interdependence*, p. 50.

> what an issue is will depend on what people think it is. If everyone calls a dog's tail a leg--and worries about what can be done to make the tail an effective participant in walking--this becomes an issue even if the people are clinically insane.[44]

It graduates into a "policy issue" only upon acquiring relevance to public policy (which, of course, may involve agencies of more than one government). A number of policy issues can be clustered, more than superficially reminiscent of Rosenau's pre-theory. The criteria, however, are Collingwoodian, laid down "not merely by outside observers on the basis of objective criteria, but by the participants on the basis of their subjective understanding of their environments."[45]

Finally, thanks to the downgrading of the security issue, force can no longer be called upon to act as the *ultima ratio* of international relations under complex interdependence. Force continues to enter bargaining situations not as threats of actual military intervention, but instead through a "positive use,"[46] exemplified by German-American relations. Bonn's desire for an American military presence presumably rendered the German government more pliant to Washington's political preference--though not all American presidents would vouch to this with equal conviction. Still, demanding as a hard and fast rule the total abstinence only from armed force to qualify a dyad for complex interdependence strikes this author as overly restrictive and possibly vitiates the framework's analytical prowess. One perceptive reviewer suggested replacement by either "the minor role of military force," or preferably yet "the absence of grossly harmful threats."[47] This last formulation has been adopted for the present study.

Admittedly, the outbreak of military conflagration among North Atlantic states can confidently be assigned the remotest of probabilities; this, however, must not coax the analyst into glibly rejecting any residual potential for conflict. Contrary to public wisdom the genus scarcely exhausts itself in crude pugilism of a military ilk and can be observed in remarkably more subtle if no less detrimental incarnations. Trade wars constitute one such surrogate, highly germane to the topic under consideration.[48] An illustrative example was provided by Canada's protectionism concerning footwear, ostensibly to shield

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[44] Keohane and Nye, "Complex Politics of Candian-American Interdependence," p. 598.
[45] Ibid.
[46] Keohane and Nye, *Power and Interdependence*, p. 28.
[47] Holsti, "New International Politics," p. 524.
[48] See for a pertinent example as to the issue's continuing acuteness the recent article "Heading off the Protectionist Herd," *The Economist*, 15 March 1980, pp. 72-3.

Canadian manufacturers from cheap Third World competition but actually dealing a heavy blow to European (principally Italian) interests in the process. The EC Commission went to great lengths to demonstrate to Ottawa that rather than delivering a shot across the bow of interlopers from the so-called "threshold countries," the quotas pulled the plug from the industrialized nations' boat instead.

Again parallel to Rosenau's imsistence on *recurring* behavioral sequences as the stuff of "linkages,"[49] Keohane and Nye stress that interconnectedness alone does not yet make interdependence.[50] What is more, relations between some states such as Japan and Bhuthan, in spite of a marked absence of military coercion, hierarchy of issues (in all likelihood because the frequency of interactions does not warrant one), and the existence of multiple channels of communications, could hardly be described as complexly interdependent.[51] To complicate matters further, a straight tally of interactions is a questionable indicator. Refuting Deutsch, Young showed a decline in the number of interactions (or, with trade, volume) as not *eo ipso* tantamount to a deteriorating interdependence relationship.[52] *Power and Interdependence* distinguishes between thresholds of "sensitivity" and "vulnerabiliy," the distinction revolving around the relative cost and availability of alternatives.[53] Under complex interdependence, it is perfectly admissible to play on a partner's sensitivities in order to obtain a preferred bargaining outcome. Repeated stress or use of vulnerabilities--a first cousin obviously to grossly harmful threats--will make withdrawal from the regime a preferred course, even at the price of high short or medium range costs. Conversely, predictable immediate or medium term penalties must not prevent a course from being charted for interdependence if predictably advantageous in the long run. Interdependence as presented here presupposes "reciprocal (though not necessarily symmetrical) costly effects of transactions"[54] at the structural level of the international system. Coupled to abstention from grossly harmful threats at the subjective, political process level, it contributes to complex interdependence.

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[49] Rosenau, "Toward the Study of National-International Linkages," pp. 44-5.

[50] Keohane and Nye, *Power and Interdependence*, p. 5.

[51] See Holsti, "New International Politics," p. 525. Other dyads given were Canada and the Bahamas, Finland and India. Professor Holsti fails to document the multiple channels between these actors.

[52] Young, "Interdependencies in World Politics," p. 732. By the same token, the converse also holds. As H. Edward English pointed out in a different context: "cooperation becomes a single act or short series of ... transactions, e.g. a wheat sale by Canada to China, a specific aid project; integration is any system providing the basis for systemic and recurrent transactions enlarging the scope for interdependence." H. Edward English, "The Political Economy of International Economic Integration: A Brief Synthesis," in W. Andrew Axline *et al.*, eds., *Continental Community? Interdependence and Integration in North America* (Toronto: McClelland and Stewart, 1974), p. 20.

[53] Keohane and Nye, *Power and Interdependence*, p. 12f. "Sensitivity" is defined by way of "responsiveness within a system," measured not only "by the volume of flows across the borders but also by the costly effects of changes in transactions on the societies and governments." Thus, "sensitivity means liability to costly effects imposed from outside before policies are altered to try to change the situation." But, ultimately, adaptation is possible, as for instance with import substitution.

"Vulnerability" is "an actor's liability to suffer costs imposed by external events even after policies have been altered." Note the compatibility with the previously proposed notion of grossly harmful threats.

The confluence of all the aforementioned conditions affects the nature of the "international regime" as well as its longevity or lack thereof. Conceivably ranging in scope from the global to the bilateral, an international regime stipulates the rules of the game by which actors (i.e. decision-makers) abide deliberately to "regulate and control transnational and inter-state relations."[55] Thus, they form an intervening variable between the international power structure and the actual bargaining processes, the outcomes of which may in turn impact upon the international regime proper.[56] The plausible geneses of regimes is equalled in variety only by their compositions. Habitually they "may be incorporated into interstate agreements or treaties ... or they may evolve from proposed formal arrangements that were never implemented. Or they may be merely implicit...."[57]

According to *Power and Interdependence*, complex interdependence fosters a regime somewhat misleadingly tagged "international organization," misleadingly since no institutional body is required (though they are certainly not ruled out of court altogether). Yet even as cursory a survey of North American continental relations (Keohane and Nye's genotypical complex interdependence) as Lyon and Tomlin's, prompted them to exclaim in amazement: "If anyone were so misguided as to gauge integration solely by the degree of formal institutionalization of decision-making, they would conclude that it is very limited in North America and declining."[58]

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[54] Ibid., p. 9.
[55] Ibid., p. 5.
[56] Ibid., p. 21.
[57] Ibid., p. 20.
[58] Peyton V. Lyon and Brian W. Tomlin, *Canada as an International Actor* (Toronto: Macmillan, 1979), p. 99. Note also Eayrs' comment on the Permanent Joint Board of Defence (PJBD) whose counsel is dependent on "function rather than on net power." James Eayrs, *In Defence of Canada*, Vol. III, *Peacemaking and Deterrence* (Toronto: University of Toronto Press, 1972), p. 325.

Given the *a priori* absence of coercive force, bargaining results under this regime can no longer be predicted simply by a quick traditional power-and-resources calculus, inevitably favoring the stronger battalions. Rather, cleverness and ability come into play, as well as *relative* capabilities in any given issue area, to the point of allowing a "weaker" partner to bolster his position by way of linkages--not to be confused with Rosenau's--among otherwise unconnected issues: this may "lead to a more equal pattern of outcomes in intergovernmental overall structure."[59] Just as predictably, this multiplies the "power-and-resources" calculi by the number of issues at stake, though this is not clarified in the book. The authors optimistically assume that the miscellany of channels will display a dynamic of its own, irrespective of the actual power balance or shifts therein. Furthermore, as this inevitably hitches domestic concerns ever tighter to the cart of international transactions, the single-minded pursuit of the National Interest writ large, inexhaustible spring of much international contention, is no longer identifiable in the wealth of competing interests. It has been relegated to a position of decreasing relevance--together with armed force--in a pluralist idyll transposed into the international forum (see Table 1).

Complex Interdependence and Realism

The perceptive reader will by now suspect Keohane and Nye of a vendetta against the Realists. For power, capabilities, and force are the very currency, much debased under complex interdependence, of a school of thought whose Valhalla all but monopolizes the greatest minds applied to international affairs including Reinhold Niebuhr, Robert Strauss-Hupe, Raymond Aron, George F. Kennan, and Henry Kissinger. Its credo is probably epitomized in the late Hans J. Morgenthau's splendid *Politics Among Nations*, whose opening sentence undertakes no viler task than "to present a theory of international politics," believing

> that the world, imperfect as it is from the rational point of view, is the result of forces inherent in human nature. To improve the world one must work with these forces, not against them. This being inherently a world of opposing interests and of conflict among them, moral principles can never be fully realized, but must at best be approximated through the ever temprorary balancing of interests and the ever precarious settlement of of conflicts. This school, then, sees in a system of checks and balances a universal principle of all pluralist societies. It appeals to the historic precedent rather than to abstract principles, and aims at the realization of the lesser evil rather than of

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[59] Keohane and Nye, *Power and Interdependence*, p. 179.

Table 1: Complex Interdependence as an Analytical Concept

Scope of Inquiry	Mostly western industrialized nations.
Focus on independent or dependent variables	both
Types of essential actors	state and non-state
Inquiry focused on characteristics of	system, actors, pair of actors
Major instruments of bargaining	diplomacy; transnational and transgovernmental alliances; exploitation of vulnerabilities in issue areas;
Determinant of bargaining outcomes	issue area vulnerability; non-state actor roles, etc.
Results on system of bargaining conflicts	more equitable rewards than in non-interdependent systems; less hierarchy;
Policy implications; appropriate responses to national or systematic characteristics	policy coordination with appropriate forms of leadership

Adapted from: Table 1 in K.J. Holsti, "A New International Politics? Diplomacy in complex interdependence," International Organization 32:2 (Spring 1978), 528-9.

> the absolute good.[60]

Morgenthau then proceeds to distill the essence of Realism into six principles.[61] Behavior is rooted in an immutable human nature recognizable to Machiavelli, with the "main signpost" through the political "landscape" being the "concept of interest defined in terms of power," distorted more likely than not during its filtering through the decision-makers' perceptual lenses, so that the concept carries no "meaning that is fixed once and for all." Realism denies the applicability of universal moral principles to state actions, and distinguishes furthermore "the moral aspirations of a particular nation ... [from] the moral laws that govern the universe." The final point defiantly sets realism apart from contending viewpoints:

> The difference, then, between political realism and other schools of thought is real, and it is profound. However much the theory of political realism may have been misunderstood and misinterpreted, there is no gainsaying its distinctive intellectual and moral attitude to matters political.
>
> Intellectually, the political realist maintains the autonomy of the political sphere, as the economist, the lawyer, the moralist maintain theirs. He thinks in terms of interest defined as power as the economist thinks in terms of interest defined as wealth; the lawyer, of the conformity of action with legal rules; the moralist, of the conformity of actions with moral principles.[62]

Nations struggle in an environment reminiscent of a Hobbesian state of nature, then, in conformity with a security-centered "national interest."

Keohane and Nye explicitly chuck a gauntlet at an approach to world politics "in which independent units called nation-states are locked into patterns of fundamental conflict" by "analyzing political integration in terms of interdependence."[63] As they submit with their characteristic knack for quotables:

> "Integration theory" has been regarded as something of a hot-house plant that could thrive in the European greenhouse, and perhaps in some tropical regions, but that could not survive if used to explain the harsh Hobbesian climate of global politics with its bipolar structure, strategic deterrence and limited wars. ... We do contend that suitably shorn of its regional limitations, the integration literature has substantial contributions to make that have not been fully utilized by students of world politics.[64]

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[60] Hans J. Morgenthau, *Politics Among Nations. The Struggle for Power and Peace*, 5th ed. (New York: Alfred A. Knopf, 1975), pp. 3-4.
[61] Ibid, ch. I, esp. pp. 4-12.
[62] Ibid, p. 11.
[63] Keohane and Nye, "International Interdependence and Integration," pp. 363 and 365.
[64] Ibid, pp. 394-5. Indeed, Keohane and Nye see this neglect as nothing less than "at the intellectual peril" of the "traditionally inclined writers," p. 365. To explore in much detail the conceptual interrelatedness of interdependence and integration is outside the bounds of these pages. Further exploration might begin not just with Keohane and Nye's contribution to the *Handbook* just cited, which sports a thorough bibliography. More concisely, this author proposes to follow Ernst B. Haas, "Turbulent Fields and the Theory of Regional Integration," *International Organization* 30 (Spring 1978), p. 210, who approaches integration not only as a particularly intense form of interdependence, but in

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Much like the construct proffered by the Realists, complex interdependence, too, is put forward as a Weberian ideal type, and as an alternative to Realism. The "overall power structure explanation," as Keohane and Nye unhelpfully rechristen the Realist paradigm, is criticised as on the whole insufficiently fine-tuned to the minutiae of an interdependent world. It "does not differentiate significantly among issue areas,"[65] and adjustments to the international regime (if any) are accomplished only by the blunt club of power politics. In any event, as K.J. Holsti pointed out in his review of *Power and Interdependence*,[66] comparing the two paradigms somewhat on complex interdependence's home turf is less than fair to the Realists, who never pretended to explain certain aspects exercising the minds of Messrs Keohane and Nye.

Thus, both analytically and normatively speaking, international relations under complex interdependence is presumably far more agreeable than the brutish jungle law permeating Realism. And yet, for all their huffing and puffing, Keohane and Nye show every symptom of remaining intellectually awed and curiously enamored of Realism. The final step of rejecting it outright is never taken, and putting down *Power and Interdependence*, the reader cannot help feeling that Complex Interdependence is the exception, Realism the norm. The impression receives corroboration from various sources. Keohane and Nye show keen awareness of their model's limited reach, aspirations to universality notwithstanding: it encompasses principally the "developed pluralist countries," to borrow a phrase recurrent throughout the work. Nor do political maturity and economic prowess with their pluralist political culture spawn automaticity. Keohane and Nye themselves underline that by way of the American-Australian dyad which, they conclude ruefully, "approximates realist conditions."[67] Assuming a global fabric of the Realist power pattern with some complex interdependence patches, this returns the discussion to the counterweight concept broached in the previous Chapter:

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[64] (cont'd)fact "as the institutionalized procedures devised by governments for coping with the condition of interdependence." Note the element of volition involved.

[65] Keohane and Nye, *Power and Interdependence*, p. 43f.

[66] Holsti, "New International Politics," p. 525.

[67] Keohane and Nye, *Power and Interdependence*, p. 178.

> The counterweight metaphor should be differentiated from "balance of power" imagery regardless of semantic similarities. Balance of Power theory is largely concerned with the military dimension, whereas the counterweight idea is more inclusive--to the point that the military is, in large part, subordinate to the political, economic, and cultural issues. A more important difference is the level at which the two systems are aimed. Balance of Power theory is largely used at the *systemic* level. ... In contrast, the concept of counterweight is concerned solely with the nation-state level. The balance that is desired here is *between* the influence of two (or more) states upon a third state. The impact of this balance upon the international system is irrelevant to the counterweight concept.[68]

Quite incidentally the linguistic similarity between Dolan and Keohane and Nye conveniently establishes the theoretical compatibility of the counterweight thesis with complex interdependence.

Keohane and Nye's elaborate and serene vision retains a distinctly Realist Achilles heel. Though complex interdependence may well father an internal momentum overcoming strictly power considerations, it is--as, one must extrapolate, is any international regime--entirely reliant on those manipulating the levers of political and corporate power within states. It goes without saying that in many respects this plays havoc on the self-avowed systems approach, not to mention the neatly circumscribed objects of Realist analysis. Transnationalism and transgovernmentalism effectively atomize the numerous international interests and actors in an extension *ad infinitum* of decison-making theory's gospel which equates state action with the actions of those acting in the name of the state[69] to all those institutions, organizations, and individuals interacting across borders, from a political summit to an exchange of boy scouts. Commendably, *Power and Interdependence* shies away from the anthropomorphization of that indeterminate entity, the "state," currently the fashionable whipping boy in the new political economy and *dependencia* veins, though they now skirt the unparsimonious opposite extreme.

If Realist power-political impulses remain dormant under complex interdependence, and presumably become less likely to be reawakened the longer that "regime" persists, Rohmer's frighteningly realistic (in more senses than one) exercise in political science fiction[70] drives home one realization: Morgenthau's perquisites cannot as yet permanently be cast upon the refuse heap of the foreign political arsenal, even in the archetypical complexly interdependent dyad. Canada's exploitation of American vulnerabilty in the energy field may prove counterproductive to the point of eliminating Canada as an actor (and it makes for fascinating speculation as to the extent to which decades of interdependence have bred familiarity fascilitating the take-over). American actions early in the 1970s with regards to tariffs, clearly voluntary and deliberate acts, must also not be underestimated as serious jolts to Canadian-American complex interdependence.

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[68] Michael B. Dolan, "Western Europe as a Counterweight: An Analysis of Canadian-European Foreign Policy Behaviour in the Post-War Era," in Brian W. Tomlin, ed., *Canada's Foreign Policy. Analysis and Trends* (Toronto: Methuen, 1978), p. 28.
[69] Originally formulated by Richard C. Snyder, H.W. Bruck, Burton Sapin, *Decision Making as an Approach to the Study of International Politics* (Princeton, Princeton University Press, 1954). Of course, diplomatic historians have long intuitively employed something akin to the decision-making approach, but characteristically abstained from assembling a coherent "theory."

Subject to tinkering, especially by governments which can, after all, impede if not control transnational interaction to a considerable extent, the integrative processes inherent in complex interdependence are liable to reversal. To employ a home-grown example, this might be due to growing dissatisfaction of the junior partner, translated into diversificatory efforts *a la* Third Option.[71] This indicates that the intermeshing of internal and external concerns need not work towards greater integration at all if domestic concerns feel incapable of braving the icy winds of foreign competition. Not without sardonic truth did Disraeli call free trade an expedient, not a principle. Monkey wrenches jamming the gears of complex interdependence may even originate with third parties not directly involved. In Nerlich's scenario, "ambivalent" economic relations augur a reversion to naked power politics in the North Atlantic region, Deutsch's prototype of a "pluralistic security community" and ancestor of complex interdependence:[72]

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[70] Richard Rohmer, *Ultimatum* (Markham, Ont.: Paperjacks, 1974). Rohmer's fast-paced plot centers on the President of an energy-starved United States, after Canada's rejection of his ultimatum concerning energy supplies, ordering the invasion of Canada.

[71] For Holsti, this is one of the most promising avenues of further research into complex interdependence which, he feels, is not given its due by Keohane and Nye; see Holsti, "New International Politics," pp. 524-5. Of course, this touches upon something of a paradox seeing that complex interdependence is supposedly rendering bargaining outcomes more equal. Robert Gilpin, "Integration and Disintegration on the North American Continent," *International Organization* 28 (Autumn 1974), p. 851, comments on the neglect by scholars of disintegrative trends and tendencies. Robert Strauss-Hupe, in his intelligent "Introduction" to Robert L. Pfaltzgraff, Jr., *The Atlantic Community. A Complex Imbalance* (New York: Van Nostrand Reinhold Company, 1969), discusses disintegration as a political strategy.

[72] Karl W. Deutsch *et al*., *Political Community in the North Atlantic Area. International Organization in the Light of Historical Experience* (Princeton: Princeton University Press, 1957), p. 6. His definition is remarkably reminiscent of complex interdependence: "The PLURALISTIC security community ... retains the legal independence of separate governments. The combined territory of the United States and Canada is an example of the pluralistic type. Its two separate governmental units form a security community without being merged. It has two supreme decision-making centres."

> The American negotiating position vis-a-vis Western Europe is less hegemonial than it used to be, except for the United States' potential for disruption. This is evident with regard to energy regulations as well as monetary matters; and the futile American effort to pressure West Germany into a policy of more rapid growth demonstrates the sensitive nature of interdependent economic processes. But there is also a growing conjunction of economic stability and military security that reinforces Western European dependence tremendously. The oil embargo was a painful lesson. And there is still an American potential for unilateral action and lack of restraint, to which Western Europe could respond only in disruptive ways and which, if unchecked, could have disruptive consequences for Western European economies--and, thus, for the fabric of Atlantic relations. The possible combined impact of continued decline of the dollar and continued lack of restraint in American energy consumption is certainly on the horizon for all Western European governments.[73]

This Damoclean sword of grossly harmful threats hovering over the western Alliance leaves reality every bit as terrifying as Rohmer's fiction.

Other disruptive possibilities include certain organizational constraints imposed upon the establishing of issue linkages. The very diffusion among the handlers of international contacts in the transgovernmental/transnational models possesses some nuisance value. So long as only one ministry, habitually the foreign office, handled negotiations, linkages were relatively easily brought about and kept under competent stewardship, barring the natural inefficiency endemic to large bureaucracies (*pace* Weber). However, with other government agencies "backchannelling" across borders in their own jurisdictions this possibility is actually drastically reduced. As one article noted, renegotiation of the Auto Pact to make it more favorable to the American side (the fact that it advantages the "weaker" Canadian side is trotted out with considerable pride by Keohane and Nye as an instance of complex interdependence at work[74]) as part of a deal reducing Canadian costs of its NORAD membership is destined to remain a pipe dream: neither Industry, Trade and Commerce, nor National Defence, jealously guarding their respective provinces, has displayed much enthusiasm in welcoming what they perceive as gratuitous intrusions.[75] Moreover, perceptions and administrators are subject to change without notice and replacement over time, possibly causing a reassessment of the complex interdependence relationship. The telltale observation by an American civil servant which places Canada, yesterday's ally during the Cold War, squarely into today's wider international problem represents a textbook illustration.[76] Similarly, the ramifications of violent domestic regime changes hardly need to be spelled out.

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[73] Nerlich, "Western Europe's Relations with the United States,"p. 106. Strikingly similar predictions were advanced late in the 1960s by Theodore Geiger, *Transatlantic Relations in the Prospect of an Enlarged European Community* (London: British-North American Committee, 1970), pp. 55-6.

[74] Keohane and Nye, *Power and Interdependence*, p. 207.

[75] Kal J. Holsti and Thomas A. Levy, "Bilateral Institutions and Transgovernmental Relations Between Canada and the United States," *International Organization* 28 (Autumn 1974), p. 884. A study by the Department of External Affairs concluded: "The other major service departments have made it plain that they do not accept that External Affairs can have managerial authority that over-rides their responsibiltiy for managing the particular programs for which the Government has given them a mandate." See A.S. McGill, ed., *A Study of the Role of the Department of External Affairs in the Government of Canada* (Ottawa: Derpartment of External Affairs, 1976), p. 19.

Politics, Economics, and Decision-Making Under Complex Interdependence

Quite surreptitiously, the preceding paragraph nudged the discussion toward the crux of the matter: the decision-maker's perception. For the purposes of this study, Keohane and Nye's framework has been adjusted by placing considerable stress on that dominant participant in the Canadian policy-making process, the Prime Minister. As James Eayrs avers in his essay on Canadian foreign policy:

> The Prime Minister bears inevitably a unique responsibility for this country's external policy even if by taste and temperament he has little interest in it; and circumstances make it likely that he will have too much interest rather than too little. Important officials concerned with the formulation and execution of foreign policy are appointed on his recommendation .... To him are normally addressed important communications from the political heads of foreign governments, and with the ... governments of the Commonwealth ... consultation proceeds conventionally on a Prime Minister-to-Prime Minister basis. To him are referred all important foreign policy communications received in the Departments of External Affairs, National Defence, Trade and Commerce and others. Visiting dignitaries, wishing to exchange impressions of the international scene, will want to confer with the Prime Minister rather than any of his colleagues. Goodwill tours in foreign lands add further to his influential contacts, providing sources of information long after the journey's end, as do excursions into the increasingly fashionable realm of "summit diplomacy." It is the Prime Minister's task to shape the recommendations of his foreign policy technicians ... to the requirements of domestic politics and to impart to them the correctives deemed necessary for partisan advantage. And in times of crisis, when the nation is roused from its accustomed private preoccupations to apprehensive awareness of external danger, it is the Prime Minister who through press and radio and television must play the father figure, providing reassurance and guidance and hope. Foreign policy is his prerogative; the range and the intimacy of his concern are rarely matched by any of his colleagues, even by his foreign minister.[77]

Indeed, the sub-hypothesis presented in the Introduction as the "great-men-make history" theorem, according to which the Prime Minister clearly leaves his mark on the thrust if not the actual conduct of Canadian foreign policy, supplied the organizing principle for these pages. The actual analysis of Canada-European Community relations has been subdivided chronologically according to the tenure in Ottawa by Messrs

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[76] Rendered in Holsti and Levy, "Bilateral Institutions and Transgovermental Relations," p. 898.

[77] James Eayrs, *The Art of the Possible. Government and Foreign Policy in Canada* (Toronto: Toronto University Press, 1961), pp. 3-4. For further evidence along these lines consult the sources referred to in Footnote 10 *supra*.

Diefenbaker, Pearson, and Trudeau respectively. Each Chapter will include an opening section locating Canada–EC relations in the more general foreign policy thrusts of each Prime Minister. The object here is not to lay each Prime Minister since 1958 on the nigh proverbial psychoanalyst's couch so as to correlate certain personality traits to specific political acts or policy preferences, linkages which in any event tend to be tenuous at best. Nor will this study undertake to assemble so-called "operational codes" as the image filters through which information percolates into the decision-maker's mind--this is not to be a treatise in political psychology. Each prime minister, however, subscribed to distinct notions of Canada's position and role in the world which impinged on the special case of relations with the EC. In short, the persona of the Prime Minister is cast as something of a chief strategist.

As hinted earlier, this does not mean a mutilation beyond recognition of Keohane and Nye's handiwork. They disarmingly admit the "systemic explanations are limited,"[78] and that *Power and Interdependence* represents "only a starting point for ... attempts to explain patterns of national action."[79] They readily grant that given Realist conditions an international regime of ruthless bargaining from strength is perfectly appropriate, indeed inevitable for survival. Keohane and Nye's main objection is by no means Realism's invalidity *ex tunc*. Rather, according to Keohane and Nye, decision-makers simply no longer operate on the premises of Morgenthauian jungle law, even in conflictual situations. This reaffirms the primacy of the policy-maker.

Here is a crucial point of contiguity with the Realists, the more so since it forces complex interdependence to reject determinist explanations. As Charles Pentland opined,

> the scholar who takes the state as the ultimate arbiter of its own destiny is obviously obliged to filter these influences through the perception of statesmen. ... All he can suggest about the "compellingness" of the non-political environment on the policy of a state ... is that certain combinations of variables increase the *probability* that steps ... will be taken.[80]

The brunt of Keohane and Nye's attacks on this count is borne by the so-called dependency literature, though the proviso as to complex interdependence's prime applicability to developed pluralist societies is salient here. The disagreement hinges on the definition of interdependence. Keohane and Nye, who refuse to lug about the economically determinist neo-Marxist baggage of so many economists *manque* in the discipline, do not restrict their notion of interdependence to notions of mutually balanced benefits, which evades the one-way benefit flows posited by *dependencia*.

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[78] Keohane and Nye, *Power and Interdependence*, p. 153.
[79] Ibid, p. ix.
[80] Charles Pentland, *International Theory and European Integration* (New York: The Free Press, 1973), p. 227. Emphasis provided.

For the dependency theorists' zero-sum game, Keohane and Nye substitute a mixed-sum situation. Reciprocal though asymmetrical transaction patterns qualify as *inter*dependence on the grounds that costs (such as the limitation of autonomy) are incurred by both sides, though one side may find itself saddled with a disproportionate burden. Undeniably, however, the behavior continues to be "mutually contingent"[81] and consequently *per definitione* interdependent instead of just dependent. The cost-benefit analysis must necessarily be a function of the actors' perceptions and values (as in the case of issue determination) rather than the "objective," absolute standard of some outside observer. Arguably, a "dependent" nation may derive advantages from hosting direct foreign investment. Such advantages may include industrialization as well as the aquisition of industrial knowhow, outweighing the temporary reduction of the host country's autonomy.[82] Learning how to deal with multinationals, to say nothing of the odious expropriation weapon, has long-term payoffs for "dependent" nations. Keohane and Nye, then, direct attention back to the essentially political decisions involved in international economic relations, including, if less specifically so, the domestic ones like adjustment to increasing interdependence. Thus, complex interdependence maintains the close interconnection of political with economic decisions in the modern world, yet corrects for the dependency literature's tendency to make the former a function of the latter without allowing for an interplay in both directions.[83] This makes for a much more realistic appraisal *inter alia* of international organizations as a forum for the underdeveloped countries' strategies of issue linkages to squeeze concessions from First World vulnerabilities.

The foregoing harmonizes with this author's conception of international economic relations as an instrumentality as often as a determinant element of foreign policy-making, much in keeping with K.J. Holsti's popular framework.[14] Certainly, economic goals are being pursued via foreign policy such as the assured supply of strategic raw materials; still, the nature of these "economic" decisions surrounds a political kernel. As one noted scholar *cum* politician explains lucidly:

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[81] The term is Holsti's in "New International Politics," p. 520.

[82] This argument is developed in Theodore Moran, *Multinational Corporations and the Politics of Dependence. Copper in Chile* (Princeton: Princeton University Press, 1974).

[83] Keohane and Nye, "International Interdependence and Integration," p. 394. This theme is treated more comprehensively by Joan E. Spero, *The Politics of International Economic Relations* (New York: St. Martin's Press, 1977).

> Investment planning and resource development, for instance, both become in the last analysis matters for political decisions. In economic terms it may be possible to compare the costs of building and operating a zinc mine at Hay River, a railway in Labrador, a steel mill near Vercheres, and a university in Prince Rupert, and the marginal productivity of each. But the social value of such enterprises can only be appreciated with reference to political realities. And the final choice will have to be a political one.[15]

Needless to say, this is even more true for economic retributions meted out between international actors: tariffs, quotas, boycotts, embargoes, to name but a few out of a multitude.

By the same token, friendly economic intercourse may at times require more tangible guidance than provided by Smith's invisible hand, leaving even liberal economists apprehensive about polarization effects:

> For this reason, while the spread of growth, like the concentration of wealth, is to be explained in large part by market forces, a seemingly necessary condition for spread to take place is the existence of centralized political power that can counteract the economic power of existing centers and centralizing tendency of market forces.[16]

Frequently, economic policy must run counter to economic "rationality," however understood. If anything, this is a *Leitmotif* of Canadian history: this country's unity from Sir John A. Macdonald's National Policy onward to the fact that Pierre Elliott Trudeau is Prime Minister of Canada instead of, at best, an American Senator from Quebec (to take liberties with Lord Amery's epigram[17]) are all in defiance of strictly economic logic and point to political implications.

Monocausal and deterministic schemes are singularly ill-suited to the understanding of complex international realities: "The behaviour of nations bears close analogies to the emotional surges, the anomalies, and the self-defeating actions of individuals. Intangibles and imponderables play havoc with any purely economic interpretation of history."[88] The idea here must not be to divorce naively politics from economics by presenting them as alternative, possibly mutually exclusive modes of explanation. The question is one of ends and means. Economic activity ought not to be an end in itself, but serves wider social purposes. As such it must needs be hopelessly intertwined with politics as the authoritative allocation of values (which extends beyond the material facet), of who gets what, when, why. Economists *qua* technicians contribute the how.[89] By extrapolation, the composition of the international economic system involves a hefty admixture of the political in the guise of national legislation (e.g. on tariffs) and treaties concluded by political decision-making units to facilitate economic and cultural exchanges.

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[14] Kal J. Holsti, *International Politics. A Framework for Analysis*, 3rd. ed. (Englewood Cliffs, N.J.: Prentice Hall, 1977), ch. 9, pp. 242-72.

[15] Pierre E. Trudeau, *Federalism and the French Canadians* (Toronto: Macmillan, 1977), p. 146.

[16] Gilpin, "Integration and Disintegration," p. 855.

[17] In a vain and quite misguided attempt at converting Prime Minister W.L.M. King to the idea of an Imperial Navy in 1923, Lord Amery remarked to the Prime Minister while on a cruise aboard *Princess Margaret*: "That is why you are Prime Minister of Canada and not, at best, one of the Senators for the American State of Ontario." Quoted in James Eayrs, *In Defence of Canada. From the Great War to the Great Depression* (Toronto: University of Toronto Press, 1964), p. 179. As Eayrs adds, the ill-placed observation was rendered less convincing yet by King's seasickness.

In turn, this leads to fundamental questions regarding the nature of political decisions as well as the extent to which political will is capable of moulding economic realities, such as integrative efforts and the redirection of trade-flows. To do justice to this woolly issue would entail a fundamental debate with political economy, clearly outside the bounds of this short aside. Suffice it to say, therefore, that this theoretical knot can be disentangled only partially by marshalling examples *pro* and *contra*. It bears reiterating that benefits reaped by a particular interest group from a given (foreign) policy line does not *ipso facto* establish collusion between the government and that interest.[90] Moving to the particular case on hand, Canada's position *vis-a-vis* the European Community, economics will surface throughout. After all, the EC's claim to speaking with one voice for its members is most sharply staked out in this domain. Still, decisions to reorient part of Canada's trade from the US, the "logical" trading partner in more ways than one, or at least to diversify, whatever the functional implications, would seem to defy explanation in economic terms alone.

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[88] Brebner, *North Atlantic Triangle*, p. 249.

[89] America's foremost philosopher, William Barrett, warns persuasively against adding the why to the technician's fare in his most recent work, *The Illusion of Technique. A Search for Meaning in a Technological Civilization* (Garden City, N.Y.: Anchor Books, 1979).

[90] For a fuller treatment consult Reynolds, *Theory and Explanation*, p. 231f, and in more general theoretical terms, Richard W. Cottam, *Foreign Policy Motivation. A General Theory and a Case Study* (Pittsburgh: University of Pittsburgh Press, 1977), esp. ch. 3, pp. 31-53. See also Chris Milner and David Greenaway, *An Introduction to International Economics* (London: Longman, 1979), p. 58, for the interplay of politics and economics, which may lead to the sacrifice of economic logic to political considerations. On the question of political purposes in international economic decisions see also Chris Milner and David Greenaway, *An Introduction to International Economics* (London: Longman, 1979), p. 58. At least one author turns the tables in observing that "international economic relations are always political and ... in a world in which power rests increasingly on economic and industrial capabilities one cannot really distinguish between wealth (resources, treasury and industry) and power as national goals." Susan Strange, "The Study of Transnational Relations," *International Affairs* 52:3 (July 1976), p. 337.

Since complex interdependence, like any international "regime," exists because policy-makers will it to, because they follow the prescribed rules of the game, this brings into play what to this author is most aptly tagged the Janus syndrome of concepts: it goes without saying that complex interdependence as an analytical tool is utile only if international actors have internalized its essentials. Put in less amateurish terms, there is an interface between concepts and what interpretive sociologists would recognize as "ideology" (without the pejorative connotations bequeathed to the *terminus technicus* by the Cold War), most succinctly captured by T.B. Bottomore:

> The concept refers to an observable phenomenon and takes its place in theories which seek to explain social happenings, especially political changes. At the same time the concept makes its appearance in social thought at a time and in circumstances which at once give it an ideological significance.... Even later ... the concept cannot be regarded as a purely scientific construct; for every sociological concept and theory has an ideological force by reason of its influence upon the thoughts and actions of men in their everyday life. ... To criticise a conceptual scheme or a theory in its ideological aspect is not, therefore, simply to show its connection with a broader doctrine of man and society and to oppose another social doctrine to it; it is also, or mainly, to show the scientific limitations of the concepts and theories, and to propose new concepts and theories which are truer and more adequate to describe what actually occurs in the sphere of society.[91]

Regarded from this angle, the Realist lenses are analytically obsolescent for situations in which (and for as long as) complex interdependence demonstrably prevails because they have been discarded, at least for the duration, as the decision-makers' action frame of reference.

The questions addressed in the remainder of this study, then, simply posed, amount to this: to what extent was Canada's relationship with the European Community treated by Ottawa under a matrix of complex interdependence as outlined in the present chapter? Were all the defining characteristics, multiple channels of access, absence of an issue hierarchy, as well as abstinence from grossly harmful threats, extant and recognized? Being as it is the recent neologism coined by two scholars, complex interdependence *qua* concept need not be employed *expressis verbis* by decision-makers in reference to Canada's dealings with the European Community, albeit they may, of course, be recognized as at the same time complex and interdependent. The concern here is with the extent to which (if at all) the *characteristics*, with their policy implications, have been internalized and how they are being manipulated. If complex interdependence is conceived, then a decision-maker *may* act upon it; if, however, it is not perceived, none of the political consequences posited by Keohane and Nye will result notwithstanding the "objective" presence of the defining conditional triad. One further *caveat* imposes itself. As shown earlier, the concept of complex interdependence as outlined in *Power and Interdependence* entails both explanatory as well as prescriptive facets. It bears repeating that the present study eschews the teleological in favor of the analytical.

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[91] T.B. Bottomore, *Elites and Society* (Harmondsworth, Middlesex: Penguin Books, 1973), p. 20.

C. The EC as an Actor Under Complex Interdependence

This leaves one technical issue to be tackled. The intermeshing transgovernmental and transnational contacts endemic to complex interdependence thrive on enhanced permeability of national boundaries. As such it constitutes a variation on the theme of conventional dyadic relationships. For borders persist under complex interdependence to circumscribe the quintessential international actors or "home bases" of the newer players: sovereign states with governments ruling the people inhabiting a clearly delineated territory. Itself a compound of several such states, the European Community is a different sort of actor. Its compatibility with Keohane and Nye's framework therefore invites investigation by way of a brief introduction to the EC's institutional framework.

As a legal-political organism, the First Senate of the German constitutional court ruled, the Community is *sui generis*. It defies simple categorization being

> itself not a state nor a federation. It is a unique community in the process of advancing integration, an "interstate institution" ... to which the Federal Republic of Germany--like the other Member States--has "transferred" certain sovereign rights. Therewith a new public authority was created which is autonomous and independent of the individual Member States' authority; thus, its acts need not be confirmed ("ratified") by the Member States nor can they be nullified by them.[92]

Similar decisions confirming the pre-eminence of Community law over domestic legislation were handed down in other Member States as well.[93] The exceptional nature of the EC is best visualized along a continuum running from a Hobbesian state of nature with no socio-political organization to the ultra-centralized Orwellian nightmare of 1984 (see Figure 1). None of the points on this highly fluid spectrum are absolutes.

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[92] "Beschluss des Ersten Senats vom 8. Oktober 1967 - 1 BvR 248/63 und 216/67 -", *Entscheidungen des Bundesverfassungsgericht*, XXII (Tuebingen: J.C.B. Mohr, 1968), p. 296. Translation this author's. The original's "zwischenstaatliche Einrichtung" is best rendered as supranational organization in English, the formulation employed henceforth.

Descending along the scale of centralization through unitary polities (France) and federal systems (Canada), one exits the realm of domestic, constitutional law at a confederacy. No matter how loose the *Staatenbund*, a central repository of sovereignty for the union is identifiable, at least in legal fiction. Approaching this hiatus from the opposite direction, one remedy against the solitary nastiness of the state of nature consists of banding together, for defensive purposes, into an alliance. Some specimens, like NATO with its plethora of non-military activities (thanks to, though one is tempted to say in spite of, Article 2) tend towards further integration. Here they approach an international organization, the purpose of which may range from general-universal as in the case of the UN to specific-restrictive like the OECD. Member states do not typically transfer any of their sovereign powers to international organizations. In contradistinction, just such a transfer marks a supranational organization, the next higher form on this fictive evolutionary scale. Supranationality, then, refers to a

> decision-making process and execution of common ... policies on the territories of the participating states by institutions not primarily responsible to the member states' governments. In this way, supranationality is conceptually close to a federal policy.[94]

The European Community has been equipped through its founding treaty with the "institutional and normative powers" for *proprio motu* policy-making in designated fields.[95]

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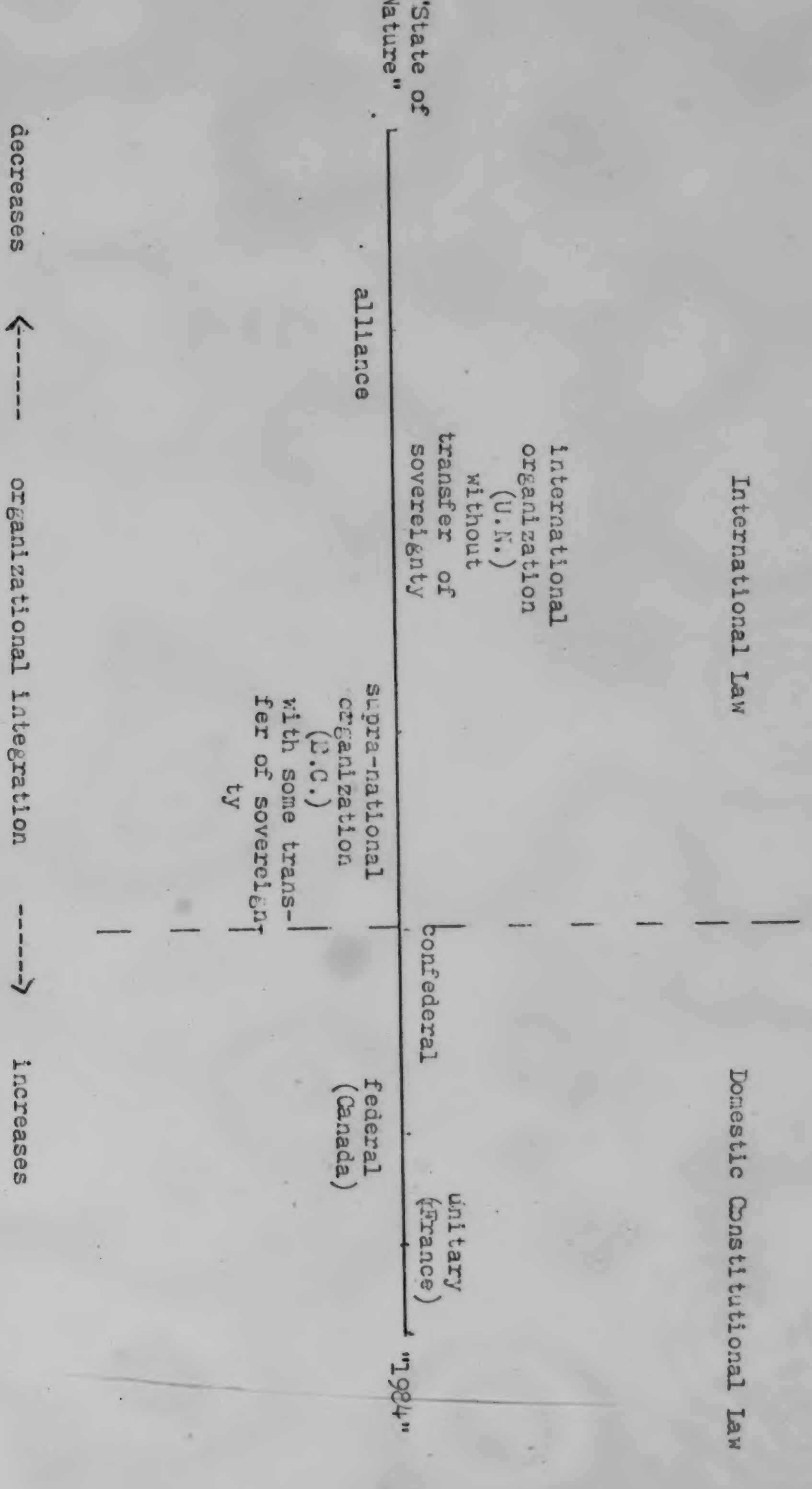
[93] Under Article 189 of the Treaty of Rome. The most amusing test case occurred in Italy where one penny-wise and pound-foolish Signor Costa vainly hoped to dodge a $2.50 utilities bill on the grounds that the state-owned *Ente Nazionale per l'Energia Elletrica* was unconstitutional. Nationalization, pleaded Signor Costa, was against Community law which took precedence over national laws. The Italian judges, alas, agreed with the plaintiff only on this very last point of supremacy. See Pryce, *Politics of the European Community*, pp. 99-100.
The Federal Republic, France, and the Netherlands have anchored this supremacy in their respective constitutions.

[94] Jaroslav G. Polach, *EURATOM. Its Background, Issues and Economic Implications* (Dobbs Ferry, N.Y.: Oceana Publications, 1964), p. 7.

[95] Jean-Yves Grenon, "Le droit des relations exterieures de la CEE et le Canada," in C.B. Bourne, ed., *The Canadian Yearbook of International Law*, Vol. XIII, 1975 (Vancouver: University of British Columbia Press, 1976), p. 64. Translation this author's. Comparison of an international organization (exemplified by the United Nations) and a supranational organization (the EEC) yields this as *the* "qualitative difference." Carol A Cosgrove and Kenneth J. Twitchett, "International Organizations as Actors," in Carol A. Cosgrove and

Figure 1: The European Community as an International Actor


International Law
Domestic Constitutional Law
"State of Nature"
alliance
international organization (U.N.) without transfer of sovereignty
supra-national organization (E.C.) with some transfer of sovereignty
confederal
federal (Canada)
unitary (France)
"1984"
decreases <------ organizational integration ------> increases

[95] In these, the Community organs are to speak externally in unison for all Member States, while legislating internally through primary or secondary Community law.[96]

Actions by the European Community are the complex products of an intricate institutional machinery headquartered, after an ignominious squabble, not in one "Euroville,"[97] but three. The overwhelming majority of the approximately 16,000 "Eurocrats"[98]

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[95] (cont'd)Kenneth J. Twitchett, eds., *The New International Actors. The United Nations and the European Economic Community* (London: Macmillan, 1970), p. 39.

[96] Primary Community Law refers to the Treaties establishing the three European Communities (ECSC, EEC, and Euratom). Secondary Community law refers to regulations, which are binding with direct force of law in every Member State, directives, which are binding regarding the end to be achieved but leave the means to the Member States' discretion, decisions, binding in every respect on the individuals, enterprises, or governments named, and finally recommendations and opinions which carry no binding force. Note that the nomenclature for the ECS.C. is slightly different. The most accessible "Layman's Guide" to the Treaty of Rome is still Walter Farr, ed., *Daily Telegraph Guide to the Common Market*, New Enlarged Ed. (London: Collins, 1973), pp. 33–68.

[97] The term was found in "'Euroville': It May be Brussels," *Newsweek* 20 January 1958. Only a brief sketch of the EC institutions is possible here. For more details Pryce's *Politics of the European Community* is an excellent starting point, as is Pierre Henri Laurent, ed., *The European Community After Twenty Years*, Vol 440 of *The Annals*, November 1978. More concise but turgidly institutional is Emile Noel, *So funktioniert Europa* (Baden–Baden: Nomos Verlagsgesellschaft, 1978), an earlier version of which was put out by the EC Commission in all Community languages, including as *Working Together: The Institutions of the European Community* (Luxembourg: Office for Official Publications of the European Communities, 1977). Along the same lines but more detailed is Francois Visine, *Comment fonctionne l'Europe* (Brussels: Delta, 1978). For an early Canadian effort see H. Ian Macdonald, "The European Community: Background and Bibliography," *Behind the Headlines* 22:2 (November 1962). The dynamics of the institutions in action is thoroughly and critically treated by the contributors to Helen Wallace, William Wallace, Carole Webb, eds., *Policy-Making in the European Communities* (London: John Wiley and Sons, 1977). The finest barometre of European integration as mirrored by EC legislations is the continuously updated Parlement Europeen, Secretariat general, Direction generale de la recherche et de la documentation, *Europe aujourd'hui. Etat de l'integration europeenne 1979* (Luxembourg: Parlement Europeen, 1980). As for Canadian sources, consult Claude Boulanger, *Communaute economique europeenne: le Traite de Rome: objectifs, institutions, pouvoirs, droit communautaire, financement* (Ottawa: Faculte de droit, Universite d'Ottawa, 1974). This author's favourite is the voluminous work by the Commission's first president, Walter Hallstein, *Die europaeische Gemeinschaft*, 5th rev. ed. (Duesseldorf: Econ Verlag, 1979). Tailored for Canadian consumption, two official booklets deserve mention here, both published jointly by the EC Commission and Canada's Department of External Affairs: *European Community: The Facts* (Ottawa: Minister of Supply and Services Canada, 1976) which is a slightly streamlined version of a brochure originally distributed by the EC's Washington Delegation, and *Canada and the European Community* (First published in 1977, reissued and slightly revised in 1979).

[98] The Community is most selfconscious regarding accusations not infrequently levelled against it by detractors as to its overblown bureaucracy. One EC publication notes: "The European Commission employs 11,350, of whom 2,770 are involved with scientific research and investment matters. The remainder work either in the Community's Council of Ministers, the European Parliament, the European Court of Justice, the Court of Auditors or the Economic and Social Committee. The number of civil servants employed in member countries is almost one thousand times greater. For every 100,000 Europeans there are 4,200 national civil servants but only 6 'Eurocrats'. ... In the Federal Republic of Germany ... the Ministry of Agriculture has over 20,000 employees." Commission of the European Communities, Directorate General for Information, "True or False? Questions

[98] work in Brussels' Berlaymont complex, but some offices (e.g. the Assembly's Secretariat General, the Statistical Bureau, the Court of Justice) are located in Luxembourg. The Parliamentary Assembly, condemned to the existence of a travelling road show between Brussels, Luxembourg, and Strasbourg, is best sheltered in the (meanwhile posh new) Council of Europe's facilities. The three constituent organizations are legally separate. However, two joint institutions were established with the Convention Relating to Certain Institutions Common to the European Communities, signed in 1957: The European Assembly (which has since renamed itself the European Parliament) and the Court of Justice. But each Community originally obtained its own Council of Ministers as well as an executive Commission (High Authority in the case of the ECSC), destined to be fused under the Brussels Treaty of 8 April 1965. At least in structural terms this rendered the designation European Community more accurate than its still prevalent plural.

In the EC's external relations, the Court and Parliament can be counted among the supporting cast. Nevertheless, the latter will put in repeated appearances in the form of reports, questions directed at the Commission, or parliamentary exchanges with Canadian MPs. Though not crucial to the unfolding of events, these activities undeniably enter the transgovernmental/transnational dimensions. Devoid of legislative authority, the Parliament's narrow control functions were scarcely boosted by its indirect representativeness: its originally 142 members[99] (198 after the accession of Britain, Denmark, and Ireland in the first enlargement) were appointed by the Member States' parliaments proportionate to the various parties' standing at home. Following the first direct election (7-10 June, 1979), dissatisfaction with the position of a mere democratic fig-leaf on the Community body impelled the now 410 deputies to flex their budgetary muscles, holding forth promise of more vocal participation. The Court's nine (up to the enlargement, seven) justices are assisted by four advocates general in coming to grips with convoluted jurisprudential procedures embedded in Roman law and the Napoleonic Code. They hear complaints against Member State violations of the Treaties as well as appeals chiefly against the Commission by governments and individuals.

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[98] (cont'd)About the European Community," *European File* 13-14/80, Special Issue August-September 1980, p. 2.

[99] The number was kept deliberately low to facilitate a projected merger with the parliamentary assemblies of the WEU and the Council of Europe. See Heinz Kramer, *Nuklearpolitik und die Forschungspolitik der Euratom* (Koeln: Carl Heymanns Verlag K.G., 1976), p. 63.

Of the four major institutions, the Commission is cast as the "guardian of the Treaties" as well as the Community's executive arm comparable to national ministries. The Commission proper, an independent and collegial body of thirteen (previously nine), is appointed to four year (renewable) terms through mutual consent by the Member States. Responsible to Parliament which alone can, through a vote of no confidence, remove the whole Commission (albeit not individual commisioners), these highest European officials can boast a commendable track record of "Europeanness." They head an administration horizontally divided into directorate generals (DG), external relations falling principally within the purview of DG I.[100] Its subdirectorate for North America, Australia, New Zealand, and Japan houses what could in analogy to foreign offices' practice be referred to as the "Canadian desk." DG I's surprisingly small but highly qualified team of generalists is seconded on technical issues by the experts from the specialized directorates general such as Fisheries or Steel, to name but two.

As the motor force of integration, the Commission finds itself pitted against the Council of Ministers.[101] This avid watchdog of the national interest, not to be confused with the European Council of recent headline prominence,[102] also sets the terms of reference within which the Commission must manoeuvre when negotiating with third parties. Constructive dialogue between the two provides the indispensable lubricant sans which the cogs of integration may well grind to a halt or, at the very least, take serious damage. The Council is backstopped by the expert Committee of Permanent Representatives, more often than not referred to by its French acronym Coreper, composed of the Member States' ambassadors to the EC. The Council co-ordinates joint policies, bound in most instances by propositions placed before it by the Commission, which has previously (though not seldom *pro forma*) consulted the Economic and Social Committee (Consultative Committee for the ECSC)[103] as well as Parliament. Only a unanimous Council is empowered to override the Commission.

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[100] On the EC's foreign representation consult for more details Christopher Hill and William Wallace, "Diplomatic Trends in the European Community," *International Affairs* 55:1 (January 1979), esp. pp. 48–55.

[101] The Council of Ministers' composition is variable. While the foreign ministers rank as their governments' chief representative, their colleagues will substitute for them if the item on the agenda falls within their specific jurisdiction.

[102] In the European Council, the EC chiefs of government and the President of the EC Commission meet at least thrice yearly since 1974 to intensify European Political Cooperation (EPC). An exercise in intergovernmentalism, the EPC forms no part of the EC's institutional structure. In this author's view this does not warrant complete segregation from European integration under the Treaties of Rome, as some would have it on the basis of a highly restrictive and formalistic definition of "integration." For instance, Heinz Medefind, *Organisation Europa. Die Achtzehn und die Neun -- und darunter die Deutschen. Aufbau-Chancen-Grenzen der der europaeischen Integration* (Bonn: Europa Union Verlag GmbH., 1975), pp. 49–50, 54–5. See also William Wallace and David Allen, "Political Cooperation: Procedure Substitutes for Policy," in Wallace, Wallace and Webb, eds., *Policy-Making*, pp. 227–47.

Especially in quest of a co-ordinated external stance EPC's cooperation cannot be underestimated, most recently in the imposition of sanctions against Iran. See "It Moves at the Speed of the Slowest Ship, But It Moves," *Economist* 26 April 1980. The paper is wrong in calling this the most significant joint foreign policy actions, though, which overlooks *inter alia* the freezing of relations with Greece during the military dictatorship.

Unanimity may fairly be singled out as the bane of Community decision-making. Since the Luxembourg compromise of 29 January 1966, even decisions requiring merely a qualified majority under the Treaty of Rome (to prevent the larger Member States from making common cause against the smaller and vice versa) can now be vetoed by any government declaring the project adverse to its "vital interests." Hence, third country contacts with Member State governments form an integral part of the multiple access channels propounded by Keohane and Nye, the more so since any external agreements which the Commission negotiates must be concluded by the Council. An adroit Commission will keep one ear to the ground of national politics lest it overzealously plunge the entire Community into the throes of a potentially lethal crisis. In 1965, a bold Commission move to spur integration drove de Gaulle into a nigh paralyzing "policy of the empty chair" in the Council.[104] Much of the EC's valuable momentum was lost then; hopefully, Prime Minister Thatcher's stubborn line will not throttle it further.

Under the provisions of the Treaty of Rome, this Byzantine set-up is not only to harmonize policies amongst the Member States, but also to formulate and apply a common policy on transport, competition, external commerce, and agriculture.[105] Advancing with excruciating lentitude towards the first two, the EC has, beginning with

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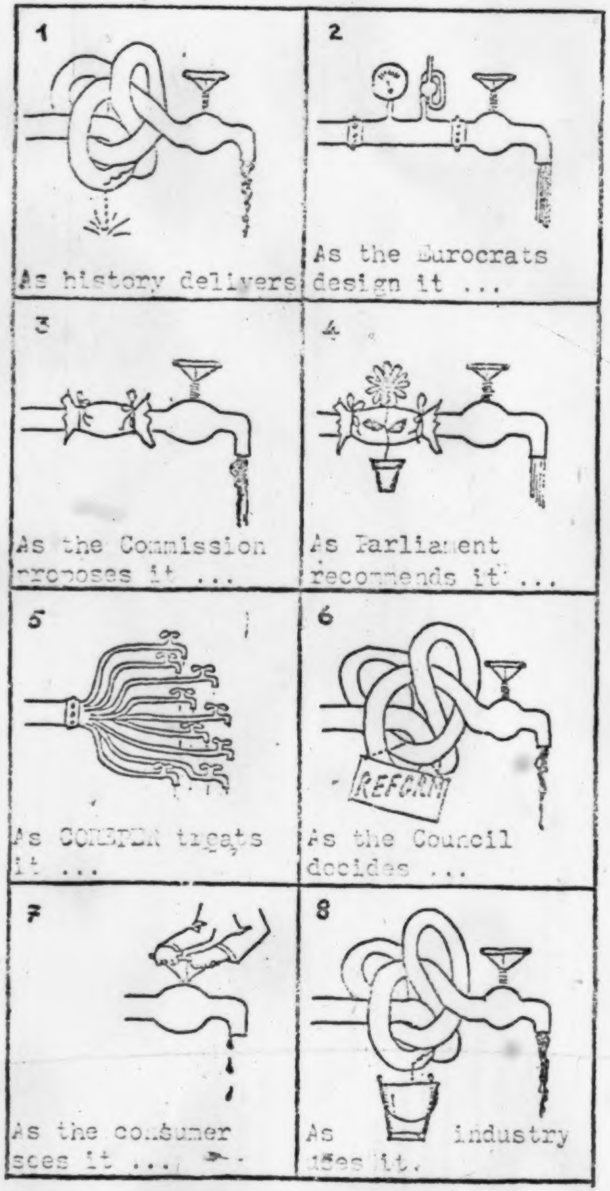
[103] The Economic and Social Committee is made up of representatives of industry, employees, pressure groups etc.

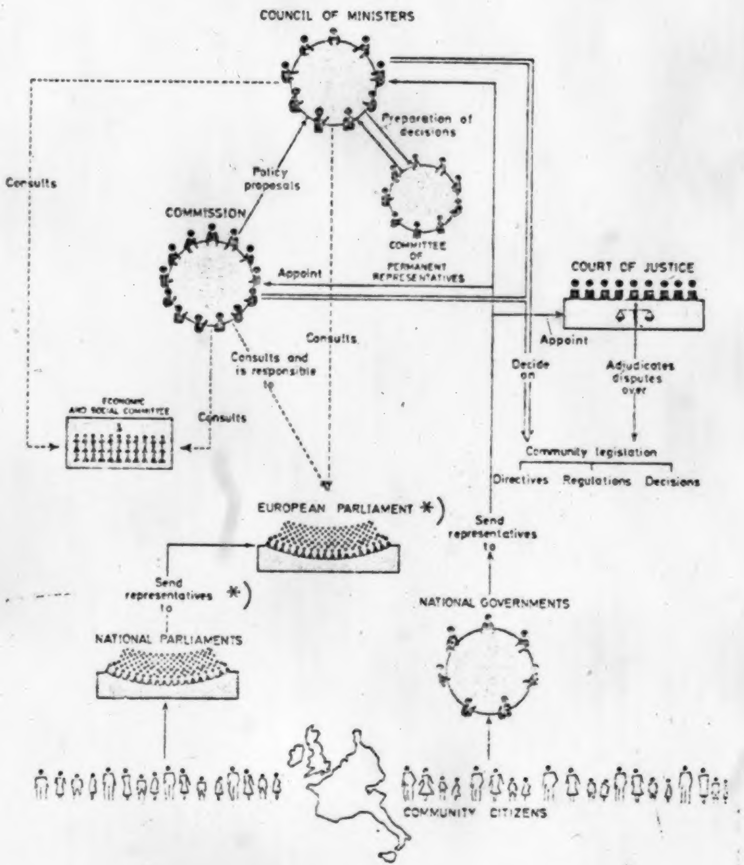
[104] Interestingly, one scholar traces de Gaulle's spitefulness to his Macchiavellian reasoning relying on his partners' unwillingness to see the integrative venture fail. See Leon N. Lindberg, "Integration as a Source of Stress on the European Community System," in Joseph S. Nye, Jr., ed., *International Regionalism. Readings* (Boston: Little, Brown and Company, 1968), pp. 231-68. Pragmatically, the truncated Commission carried on old business, interpreting absence as abstention.

[105] An amusing inside view of Community policy-making is provided with much verve by Marcel von Donat, *Bruesseler Machenschaften. Dem Euroclan auf der Spur* (Baden-Baden: Nomos Verlagsgesellschaft, 1975). Less insightfull if more "analytical" is Glenda Goldstone Rosenthal, *The Men Behind the Decisions. Cases in European Policy-Making* (Lexington, Mass.: D.C. Heatth and Company, 1975).

Figure 2: The Institutions of the European Community and Their Decision-Process


1
As history delivers
2
As the Eurocrats design it ...
3
As the Commission proposes it ...
4
As Parliament recommends it ...
5
As COREPER treats it ...
6
REFORM
As the Council decides ...
7
As the consumer sees it ...
8
As industry uses it.

Source: Marcell von Donat, Bruesseler Machenschaften. Dem Euro-Clan auf der Spur (Baden-Baden: Nomos Verlagsgesellschaft, 1975), following p. 188.


COUNCIL OF MINISTERS
Preparation of decisions
COMMITTEE OF PERMANENT REPRESENTATIVES
Policy proposals
COMMISSION
Appoint
Consults
Consults and is responsible to
Consults
Consults
ECONOMIC AND SOCIAL COMMITTEE
COURT OF JUSTICE
Appoint
Decide on
Adjudicates disputes over
Community legislation
Directives
Regulations
Decisions
EUROPEAN PARLIAMENT *)
Send representatives to
Send representatives to *)
NATIONAL PARLIAMENTS
NATIONAL GOVERNMENTS
COMMUNITY CITIZENS

*) Directly elected since 7-10 June 1979.

Source: Roy Pryce, The Politics of the European Community (London: Butterworths, 1978), p. 60.

GATT's "Kennedy Round," increasingly spoken with one voice on international trade. The hydrocephalic Common Agricultural Policy, of course, constitutes without competition the single most notorious shackle to the Community's external relations.[106] Especially when viewed from this side of the North Atlantic, the CAP belies the resounding anti-protectionist chest-thumping in which EC officials, and many a European politician, delight ritually and with some consistency. In these areas, then, the Community partakes directly in international relations as a sectorial actor.[107] Free of military responsibilities, this renders the EC eminently compatible with an analytical framework propounding the absence of an issue hierarchy dominated by security concerns, and linkages of issues for bargaining points by actors whose relative strength varies according to issues.

To be sure, outsiders far from universally welcomed the "bloc actor" European Community, bemused by its seemingly sluggish complexity. One observer takes the EC to task for endangering the OECD's flexibility:

> For example, let us assume that, in the course of trade discussions, the Canadian representative suggests a new way of dealing with textile imports from less-developed countries. More likely than not, the meeting will then adjourn while the EEC-countries representatives meet with the permanent representative of the EEC Commission to the OECD to attempt to work out a coordinated response to the Canadian suggestion. If no agreement can be worked out in the EEC caucus, then the Commission representative, speaking on behalf of the Community as a whole, will express a negative reaction ....[108]

Frustrating though this must be for third parties, it hardly disbars the EC from dyadic interactions generally or complex interdependence specifically. Canada, after all, at times proves just marginally less cumbersome or unpredictable on the international stage:[109]

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[106] Of sufficient complexity to baffle even the experts, the CAP is lucidly introduced by Adrien Ries, *Das ABC der Europaeischen Agrarpolitik* (Baden-Baden: Nomos Verlagsgesellschaft, 1979). Somewhat briefer is the European Community Commission's *The Common Agricultural Policy* (London: Staples Printers for the EC Information Office, 1976) as well as "Die Agrarpolitik der Europaeischen Gemeinschaft," *Europaeische Dokumentation* 1976/5. Concerning the role of the CAP in Canada-EC relations consult V.F. Wightman, "Objectifs et fonctionnement de la politique agricole commune de la CEE. Influence de cette politique agricole pour le Canada," *Commerce Canada* 123 (October 1972), pp. 11-3.

[107] Michael B. Dolan and James A. Caporaso, "The External Relations of the European Community," *The Annals* 440 (November 1978), p. 42 suggest that "it may be misleading to ask whether the EC is a coherent foreign policy actor in general terms. One should instead ask the question on a sector by sector basis."

[108] Mike Henderson, "Current Economic Stresses Strain the Fabric of OECD," *International Perspectives* (September/October 1978), p. 6.

[109] In some areas the level of integration reached by the EC may meanwhile have surpassed Canada's (and possibly of some other federal systems). Marcel Cadieux, formerly Canadian Ambassador to the European Community, has recently been quoted as musing that "there are now fewer barriers to trade among the countries of Europe than among the provinces of Canada." Cit. by Robert Lewis, "Creating a New Canada?" *Maclean's* 16 June 1980. Possibly overstating the case, Cadieux's point is well taken in

[109] federal jurisdiction over external affairs has not precluded provincial disagreement from torpedoing this country's ILO membership. At international conferences treating cultural and educational questions, the "Canadian" negotiator increasingly finds himself flanked by a veritable phalanx of provincial advisors. Commission officials at the semi-annual Canada-EC consultations now are easily outnumbered two to one by their Canadian interlocutors due to provincial participation. In the final analysis, such a proliferation of agents contributes decisively to the panoply of communications channels requisite for complex interdependence.

Notwithstanding its unorthodox and heterogeneous makeup, therefore, even sovereignty-conscious Labour's David Owen, then Foreign Secretary of Britain, conceded that the EC "has become a weighty figure on the world stage and developed a distinctive personality of its own."[110] Formally this personality has been recognized through the accreditation by over 110 non-member states of diplomatic emissaries to the Community. For example, beginning with M. Charles Hebert in 1958, Canada's ambassadors to Belgium have headed both missions until by December 1972 the volume of EC-Canada transactions warranted nominating a second envoy (Mr J.C. Langley) devoted exclusively to the EC. Designated a "Permanent Mission," the delegation is equivalent to an embassy, staffed by the Department of External Affairs in conjunction with other concerned departments like Industry, Trade and Commerce.[111]

The international legal personality of the autonomous supranational organization that is the EC clearly exceeds that claimed by more orthodox international organizations. Armed with the European Parliament's controversial resolution of 19 November 1960, the EC also exercises the active *jus legationis* not only in the guise of observer status with various international organizations, but several official delegations, too, including one opened in Ottawa in October 1975. Host countries tend to extend diplomatic privileges and immunities to these as yet uncertain international legal phenomena. As the price for novelty, EC delegation heads must content themselves with the lowest position on protocol's totem pole.[112] Like the proverbial prophet, the Community has garnered more recognition as a dynamic unit from abroad than at home. "You know," a plangent Leo Tindemans told Peter Thomas of the Saarland Radio, "that Europe is frequently considered much more important in the world than we ourselves do here in Europe."[113]

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[109](cont'd)that Canada is arguably regressing along certain integrative dimensions in the direction of the disintegrative pole. The possible relevance to the Canadian case was the subject of the tendenciously entitled article by Maurice Torelli, "Contribution au dossier 'Souverainete-Association': Les relations exterieures de la Communaute Economique Europeenne," *L'Action Nationale* 68:5 (January 1979), pp. 378-93.

[110] David Owen, "Great Britain and the European Community," *Aussenpolitik* (English ed.) 29 (4th Quarter 1978), p. 365.

[111] See R. Barry Farrell, *The Making of Canadian Foreign Policy* (Scarborough, Ont.: Prentice Hall, 1969), pp. 62-3.

Benevolent if perhaps immodest, several of the EC's avowed ends transcend the internal wherewithal of European Union:

> The European Community seeks to: - put an end to national prejudice, discrimination and armed conflict which have culminated in two world wars;
> - make itself a single economic area, promoting social and technological progress and the the efficient use of resources in agriculture and industry;
> - recover some of the influence Western European Nations can no longer command separately;
> - become a strong force for peace and a generous provider of aid to the world's poorer nations;
> - contribute to world stability and the beginning of international law and order.[114]

Whether the Community does in effect pursue a "foreign policy"--and the wealth of literature generated on this subject more than circumstantially attests to an affirmative reply[115]

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[112] For more details consult Grenon, "Relations exterieures," pp. 68-70. Regarding the Commission's Ottawa delegation, Bill S-25 amending the Privileges and Immunities (International Organizations) Act served "to grant to the mission and its representatives the privileges and immunities which are normally accorded to diplomatic envoys under international law." *Hansard*, 3 June 1975, p. 6408.

[113] "Die beste Idee der Nachkriegszeit ist die europaeische Idee. Interview mit Leo Tindemans," in Politische Redaktion des Saarlaendischen Rundfunks, *Europaeische Perspektiven*, Axel Buchholz and Martin Geiling eds. (Muenchen: Wilhelm Goldmann Verlag, 1979), p 115.

[114] EC/D.E.A., *European Community*, p. 6. Somewhat toned down, a similar list appears in *Canada and the European Community* as well, and a sense of mission pervade numerous foreign policy statements by EC Commissioners.

[115] The various association agreements with ex-colonies are most obviously akin to regular "foreign policy" acts. The following standard sources provide an adequate introduction to the EC's external relations: Richard Bailey, *The Community in the World* (London: Hutchinson, 1973). H. Brugmans *et al.*, *La politique economique de la Communautee europeenne elargie/The External Economic Policy of the Enlarged Community* (Bruges: De Tempel, 1973). Werner J. Feld, *The European Community in World Affairs. Economic Power and Political Influence* (No Place: Alfred Publishing Co., 1976). Stanley Henig, *External Relations of the European Community. Association and Trade Agreements* (London: Chatham House, 1971). Roger P. Morgan, ed., *European Integration and the European Community's External Relations*, entire issue of *International Journal of Politics* 5:1 (Spring 1975), and his monograph *High Politics, Low Politics: Toward a Foreign Policy for Western Europe. The Washington Papers 11* (Beverly Hills, Cal.: Sage Publications, 1973). Charles C. Pentland, "L'evolution de la politique etrangere de la Communaute europeenne: le contexte transatlantique," *Etudes etrangeres* 9:1 (March 1978), pp. 106-25. Jean Raux, *Les relations exterieures de la Communaute economique europeenne* (Paris: Editions Cujas, 1966). Roger A. Rieber, "The Future of the European Community in International Politics," *Canadian Journal of Political Science* 9 (June 1976), pp. 208-26. Stingelin's previously cited *The European Community and the Outsiders*. Phillip Taylor, *When Europe Speaks with One Voice. The*

[115]--can be dismissed as immaterial for the present purposes: foreign policy *per se* is not the stuff of which to mold complex interdependence. In keeping with Keohane and Nye's paradigm, one scholar interprets the EC's international standing as largely derivative of the prevailing global village: "Although the Community is not a superpower politically or militarily, its economic strength in an era of increasing global economic interdependence lends it potential importance as a foreign policy actor."[116] To ask with Dolan and Caporaso, therefore, if the Community's external role may "be described as one of a coherent foreign policy or should it be designated more modestly as external relations?"[117] misses the point with complex interdependence. Under that framework, the EC, albeit one of a kind, is an admissable participant precisely because its external relations are not congruent just with traditional notions of foreign policy.

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[115](cont'd)*External Relations of the European Community* (Westport, Con.: Greenwood Press, 1979). Torelli's "Contribution au dossier 'Souverainete-Association': Les relations exterieures de la Communaute Economique Europeenne" has already been encountered Kenneth J. Twitchett, ed., *Europe and the World. The External Relations of the Common Market* (London: Europa Publications, 1976). William Wallace, "A Common European Foreign Policy: Mirage or Reality?" in Bernard Burrows, Geoffrey Denton, Geoffrey Edwards, eds., *Federal Solutions to European Issues* (London: Macmillan, 1978).

[116]Taylor, *When Europe Speaks with One Voice*, p. 4.

[117]Dolan and Caporaso, "External Relations of the European Community," p. 136.

III. The Backdrop: Canada, the North Atlantic Triangle, and European Unification, 1945-1957

"... opportunity is fleeting, experience treacherous, judgement difficult."

– Hippocrates

A short historical look back upon Canadian attitudes towards the incipient European Communities suggests itself at this point. Prior to 1 January 1958,[118] Canadian attitudes towards the European unification movement were equally confused as confusing. Tangential at first blush to the subject under consideration, the broad philosophic enthusiasm alloyed by apprehensions in such narrower fields as trade provided a setting of remarkable longevity for Canada-EC relations, thus calling for a brief perusal by way of an introduction. In the process, the gratifying official depiction of Canada as "a part of the North American factor promoting European integration"[119] will undergo serious modification. Pearsonian Atlanticism, the counterweight notion, anxiety over threats to traditional Canadian markets, defence issues, and last though probably not at all least, the question of Canadian sovereignty combined into a heterogenous and unpromising backdrop to Canada-EC dealings.

Historically, Europe *qua* geographic entity featured less prominently in Canadian foreign political considerations than certain of its components as the roots of this country's dual culture, Britain and France. Other European nations were more or less significant as the wellsprings for streams (or trickles) of immigrants. Soon after the war the special kinship ties were reaffirmed by then Secretary of State for External Affairs, Louis St. Laurent, as possessing "a very special value and significance" in the case of Britain. Although they formed "an integral part of the framework of our international life" in France's case, they only placed third after the United States in regard to which Mr St Laurent deemed it "not customary in this country for us to think in terms of having a policy" at all.[120] On this occasion, Mr St Laurent reaffirmed Canada's commitment to mutilateralism not only within the confines of the Commonwealth, but also under the auspices of the fledgling United Nations Organization. Indeed, this latter internationalist pledge took precedence over any Commonwealth developments likely to "interfere with our desire to participate fully in the task of building an effective international organization on a wider scale."[121] In keeping with Canadian "functionalism," such an organization would operate on the basis of all nations participating, each to its potential. Ottawa remained unconvinced at first either of the need for a strong Commonwealth group within the UN, envisaged by Winston Churchill to counterbalance the Big Two, or of the regionalist approach to world organization generally *via* more geographically circumscribed building blocs (e.g. a "concert of Europe").

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[118] This is the date of the entry into force of the Treaties of Rome adding the European Economic Community and Euratom to the European Coal and Steel Community of 1951. Naturally, enlightenment failed to strike with the new year's resolutions. Nonetheless, the date has not been selected arbitrarily but marks the entry onto the international stage of the component units collectively referred to as the European Community.

[119] This is the formulation by one EC civil servant, who in the fine tradition of his profession must remain unnamed, in conversation with this author. The statement is quite representative of the official face put on the subject on both sides of the Atlantic.

As the decade drew to a close, however, the wheel of history had taken a nasty turn necessitating a retrenchment on these premises in practice, if not in theory. The political thermometre dropped steadily towards the Cold War after the consummation of the Allied triumph. By March 1948 new "traffic regulations" governing the approaches to Berlin, imposed by the Soviet occupation authorities, precipitated a protracted and fearful political crisis while the British and American air transport commands rose to the challenge of supplying the beleaguered enclave. Escott Reid, Pearson's adjunct in the Department of External Affairs at the time, recollects how the public and the press were whipped into a frenzied war scare over imminent Soviet aggression while decision-makers throughout the free world, equally pessimistic and only slightly more soberly, were alarmed by a different scenario. That Stalin would deliberately plunge war-bled Russia into another armed conflict was believed less probable than an unravelling coil of circumstances and misunderstandings not unlike 1914. Moscow, it was thought, might misinterpret Western actions (the converse was apparently contemplated much less earnestly), loose her grip on a rebellious Eastern Europe, and find herself backed into a corner from which to emerge without a loss of face other than by war was deemed impossible.[122] Either way, the democracies were sadly unprepared to meet the onslaught, be it military or at the polls thanks to the Soviets' Trojan Horses that were the Communist parties, benefitting from the desparation reigning in an as yet largely unreconstructed western Europe. "Russia's allies ... now are not so much the Communists as the forces of despair, apathy, doubt, and fear," Lester B. Pearson worried in a memorandum to his minister on 12 April 1948.[123]

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[120] Louis St. Laurent, *The Foundations of Canadian Policy in World Affairs. The Duncan and John Gray Memorial Lecture* (Toronto: University of Toronto Press, 1947), pp. 29, 33, and 29 respectively.

[121] Ibid, pp. 25 and 29.

Canada's responsibility to help was readily acknowledged, not without patriotic pride. Still one of the cuddly cubs toddling to assist the Old Lion, Britain, on the striking First World War recruitment poster, whose freedom of choice even in 1939 was more *pro forma* than the true weighing of alternatives, Canada found herself in 1945 a matured lion, too. Some writers, oddly combining modesty with impudence (by overlooking the Soviet Union, China, or both), rate Canada "the fourth most important country in the world."[124] More realistically, she found herself at war's end second only to the United States among the democracies, albeit a distant second.[125] Victorious Britain and France, still regarded as great powers for reasons of historical nostalgia, emerged from the Second World War is such a bad way as to be hardly distinguishable from vanquished Japan and Germany. Certainly the tables were turned when in 1946 the United Kingdom negotiated a $1,250,000,000 reconstruction loan in Canada which, one editorialist noted proudly, "is about six times as great as the proposed $3,750,000,000 US loan taking into account the respective populations and national incomes."[126] Having scrambled out of occupied Germany as quickly as possible to the largest extent feasible, Ottawa nevertheless startled many seasoned observers of the Commonwealth[127] when, in an unprecedented departure from tradition, she participated in the negotiations towards the

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[122] Escott Reid, *Time of Fear and Hope. The Making of the North Atlantic Treaty, 1947-1949* (Toronto: McClelland and Stewart, 1977), p. 18f.

[123] Rendered in Lester B. Pearson, *Mike. The Memoirs of the Right Honourable Lester B. Pearson*, Vol. II, *1948-1957* (John A. Munroe and Alex Inglis eds.) (Toronto: Toronto University Press, 1973), p. 47.

[124] Trevor Lloyd, *Canada in World Affairs 1957-1959* (Toronto: Oxford University Press, 1968), p. 1, and R.J. Sutherland, "Canada's Long Term Strategic Situation," *International Journal* 17 (Summer 1962), p. 203. Also Pearson in *Mike II*, p. 31: "Britain and France had become lesser Great Powers, not far above Canada in strength and resources."

[125] Peter C. Dobell, *Canada's Search for New Roles. Foreign Policy in the Trudeau Era* (London: Oxford University Press, 1972), p. 2 speaks of Canada as "the second principal Western power," based on a combination of economic and military indicators.

[126] P.M. Richards, "The Cost of the British Loan," *Saturday Night*, 23 March 1946.

[127] Among them Nicholas Mansergh, "Britain, the Commonwealth and Western Union," *International Affairs* 24 (October 1948), p. 496.

Western Union so as to underscore her readiness to join the Western Powers in repulsing Communist aggression.

But Britain's comparative prostration expedited the transfer of hegemony to the United States with the concomittant tighter integration with Canada which was, as aforementioned, a relatively recent phenomenon boosted by the neighbourly sharing of North American defence responsibilities. Conservative historiography in the vein of Creighton and Grant[128] notwithstanding, the Liberal governments of Mr King were keenly attuned to the inherent perils. Lester B. Pearson, one of the archvillains of *Lament for a Nation*, wont as he was to lace his three-volume autobiography with references to "our American friends," was less than thrilled by the thought of being "alone with our friend and neighbour. As a debutante on the world stage we were worried not about rape, but seduction."[129] His stint as Canadian chief of legation in Washington had also alerted Pearson to the Americans' frequently cavalier attitude towards Canadian sensitivities,[130] if anything more facilely taking Ottawa for granted than did the Imperial motherland Britain. Canada's enthusiasm for international organization, similar to nigh all young nations since, was partially and paradoxically motivated by the confirmation of her independent status.

Consequently, Canada struggled at the forefront of those canvassing cures for a Security Council crippled by Soviet vetos. An uncharacteristically draconian Lester Pearson mused after Churchill's Fulton, Missouri speech popularizing the "Iron Curtain" parable that

> the United States and the United Nations should convert the United Nations into a really effective agent to preserve the peace and prevent aggression. This means revising it radically. If the Russians veto such a revision, agreed on by others, a new organization must be created which ... can function without the Russians and, as a last resort, against them.[131]

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[128] For example, Donald E. Creighton, *The Forked Road. Canada 1939-1957* (Toronto: McClelland and Stewart, 1976) which, with all due respect for Creighton's otherwise tremendous scholarship, is little short of an anti-Liberal, anti-continentalist tract. See also George Grant's *Lament for a Nation. The Defeat of Canadian Nationalism* (Toronto: McClelland and Stewart, 1970). For a more balanced view of Prime Minister King's American policy see especially J.L. Granatstein, *Canada's War. The Politics of the MacKenzie King Government, 1939-1945* (Toronto: Oxford University Press, 1975).

[129] Pearson, *Mike II*, p. 33. This metaphor, in a slightly less sophisticated version, made the rounds among Canadian diplomatic personnel; referring to NATO, one diplomat observed: "Less chance of rape with 12 in the bed." Cit. by John Hay, "New Wings and a Prayer," *Maclean's*, 21 April 1980.

[130] See for instance Lester B. Pearson, *Mike. The Memoirs of the Right Honourable Lester B. Pearson*, Vol. I, *1897-1948* (Toronto: University of Toronto Press, 1972), p. 199: "... occasionally Washington acted as though Canada were another state of the union ...."

[131] Pearson, *Mike II*, pp. 38-9.

Ironically, to justify casting her veto this was precisely what Moscow lambasted the United Nations for already: a pliant instrument of Washingtonian machinations. A rather less ambitious organization was born on 4 April 1949 under the auspices of the prescient Article 51 of the United Nations Charter providing for regional security arrangements: the North Atlantic Treaty Organization. It still bore ample marks of Pearson the political visionary.

NATO evolved into "one of the foundation stones of Canadian foreign policy"[132] not just, and possibly not even primarily, for the defence reasons uppermost on the American agenda. In an "era of institution building"[133] a variety of starry-eyed schemes for a North Atlantic Community passed review in Ottawa.[134] They continued to be bandied about by some after the, on this count somewhat disappointing, North Atlantic Treaty Organization had come into existence[135]--destined, according to Grant, "not only as a defence against the Russian empire but also as a means ... that would provide tugs on Canada other than the continental."[136] Eventually, such ambitions had to be unsatisfactorily crammed into the confined bounds of Article 2, nicknamed the Canadian article, in which Pearson subsequently took considerable paternal pride. Its genesis, though, illustrates clearly the divergent American and Canadian purposes in NATO.[137] Comparing Pearson's and Acheson's accounts[138] one gains the impression that Pearson's perfervid advocacy exasperated Acheson into grudgingly allowing it to pass (only to "bedevil" NATO later on) as a sop to "typical Canadian moralizing." Both men in any event reported success to their superiors, one in "defusing," the other in strengthening Article 2. Sardonically, neither omits to remark in his memoirs on a prophetic Marines band appropriately playing "It Ain't

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[132] Lester B. Pearson, "Western European Union: Implications for Canada and NATO," *International Journal* 10 (Winter 1954-55), p. 5.
[133] Reid, *Time of Fear and Hope*, p. 28.
[134] Ibid, pp. 26-7.
[135] Such as Senator Euler's proposition of forming the fourteen members of the Atlantic pact into a federal union as a first step towards world union. See "World Union of States Peace Step, Says Euler," *Globe and Mail* 10 May 1950.
[136] Grant, *Lament*, p. 51.
[137] For the American reading of the Atlantic Community concept see David P. Calleo and Benjamin M. Rowland, *America and the World Political Economy. Atlantic Dreams and National Realities* (Bloomington: Indiana University Press, 1973). Also Dean Acheson, *Present at the Creation. My Years in the State Department* (New York: W.W. Norton, 1969). The Canadian vantage point is best described in Pearson, *Mike II*, and Reid, *Time of Fear and Hope*.
[138] Pearson, *Mike II*, p. 46f; Acheson, *Present at the Creation*, p. 276f.

Necessarily So" and "I've Got Plenty of Nothing" at the signing ceremony.[139]

Prescribing economic policies aimed at better understanding, stability as well as closer bonds and collaboration among NATO members, its hapless career has rendered Article 2 the object of much sarcasm and criticism.[140] Even in Canada one school of thought advocated softpedalling it in the interest of the Pact's military effectiveness and avoiding intrusions into the purviews of organizations like the Commonwealth or the United Nations.[141] Undeniable devotion to international organizations aside,[142] however, Article 2 was all but an absolute necessity to make full-fledged Canadian participation in NATO politically palatable at home. In what may well be unintentioned candour, Mr Pearson lets the cat out of the bag by admitting how "domestic considerations ... were reinforced by our dedication"[143] rather than the other way around. Two conscription crises, one still fresh in recent memory, had tested Canada's tenous national fabric to the limit and left the government wary of of any European defence commitments. Clearly, NATO could serve as an *Ersatz*-UN in its capacity of guarantor of Canadian independence through harmonious relations between Great Britain and the United States only if it went beyond a conventional military alliance:

> We hoped that the UN, on the world front, would be one of these, for political, social, and economic questions. Later on, NATO became a more effective, if more restricted, international political agency. But in one form or another, *for Canada, there was always security in numbers.*[144]

NATO, and eventually its subsidiary organizations like the Brussels Pact, were brought into line with Ottawa's world view as consistent with the chimerical "collective security" suddenly so dear to Canadian hearts.[145] Canada's precise economic obligations remained as unclear[146] as the precise meaning of Article 2, but Pearson continued to press for its implementation as the corner stone "for a great co-operative economic commonwealth of the Western World--which may one day become a political commonwealth."[147] Such was Pearson's Atlantic vision, then, that Europe figured in it chiefly as part of a larger whole.

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[139] Acheson, *Present at the Creation*, p. 284, and Pearson, *Mike II*, p. 37.
[140] James Eayrs, *Canada in World Affairs, October 1955 to June 1957* (Toronto: Oxford University Press, 1965), pp. 62-3 goes so far as to do away with most of Article 2 as "redundant."
[141] See Grant R. Davy's summary of the 21st annual study conference of the CIIA, "Canada in the Free World," *International Journal* 9 (Summer 1954), p. 191.
[142] On this point consult *inter alia* Reid, *Time of Fear and Hope*, p. 25, belaboring touching assumptions to the extent that "behind the defensive barrier which that treaty would create, our civilization would purge itself from many of its faults and grow in unity and strength, in wisdom and compassion."
[143] Pearson, *Mike II*, p. 56.
[144] Ibid, pp.32-3. Emphasis added.
[145] See Mansergh, "Britain, the Commonwealth and Western Union," passim, and Pearson, "Western European Union."
[146] "Economics of the Pact," *Globe and Mail*, 9 May 1950.

Almost at the very moment that Mr Pearson was lecturing Canada's NATO partners on the urgency of a "North Atlantic economic and social community,"[148] five of them were joined by an (as yet) outsider[149] in embarking upon an ambitious if less comprehensive scheme quite at crosspurposes with Pearsonian Atlanticism (though this may not immediately have been recognized). On 9 May 1950, significantly only one day after his extensive consultations with Secretary of State Acheson,[150] French Foreign Minister Robert Schuman unveiled the plan destined to spawn the European Coal and Steel Community (ECSC), precursor, as it were, of the European Community now in existence. A first, tentative step in the direction of Winston Churchill's "kind of United States of Europe" projected in his acclaimed Zurich speech of September 1946, the ECSC basked immediately in Washington's sympathy. As with Manifest Destiny in the nineteenth century, a genuine ideological sense of mission once again fused with economic self-interest into that unique essence of American foreign policy. As one timely metaphor cutely has it, "Americans have become the world's political mechanics--everywhere tirelessly peddling, installing and servicing some advanced model of government machinery."[151] Wildly overconfident of her capacity to help embattled Europe back on its feet, recovery had proven dishearteningly sluggish despite American efforts under the Marshall Plan. To make matters worse, the international monetary system engineered at Bretton Woods, in any event more "a declaration of principles, fated to remain mostly theoretical,"[152] soon showed itself unequal to the monetary drain on the US created by Europe's economic near vacuum.[153]

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[147] Quoted in "Link the Free World Closer," *Financial Post*, 13 May 1950.

[148] Ibid.

[149] France, Italy, the Benelux countries, all NATO members, and Germany, soon to join upon the demise of the hapless European Defence Community (EDC).

[150] This is mentioned without suggesting causation in "France Proposes Steel Industries of Europe Pooled," *Globe and Mail*, 10 May 1950.

[151] Calleo and Rowland, *America and the World Political Economy*, p. 71.

[152] Ibid, p. 40.

[153] This is elaborated in much detail by Joan E. Spero, *The Politics of International Economic Relations* (New York: St. Martin's Press, 1977), ch. 2, esp. pp. 32-7. The American move away from the Bretton Woods free trade ideal due to its underestimation of the extent of the damage to the European economies and the requirements for their restoration which spawned Washington's support for the European Communities despite certain endemic protectionist implications is documented in Committee for Economic

[153] The institution in 1948 of the Organization for European Economic Cooperation (OEEC), with which Canada associated herself in 1950, was therefore symptomatic of a new American policy seeking to create an economically more viable European bloc. Into this design the ECSC (and later the EEC) fitted hand-in-glove.

Nor was Canadian reaction hostile. The respected *Financial Post*, for instance, hailed the Schuman Plan as a "most hopeful effort at mutual co-operation for common advantages,"[154] while the Canadian edition of *Newsweek* titilated afficionados of historical annecdotes by reporting how "Jean Monnet, the chief French idea man behind the Schuman Plan, carried a bottle of German ink from Bonn to Paris .... He hoped that the ink would be used to sign the Schuman-plan treaty ...."[155] Toronto's *Globe and Mail* beamed that the ECSC constituted the "most concrete project for European unification since the war;" besides, and more practically, it was also the only alternative to European cartells.[156] Pearson, too, duly jubilated:

> My own view is that Canada should support in every practicable way the unification of Western Europe. I could think of no more important step in removing the major cause of the great wars of the last hundred years than to end the feud between, and the fears, between Gaul and Teuton, which had killed one hundred thousand Canadians in this century. I saw no reason why European integration and the closer cohesion of an Atlantic Community need be mutually exclusive.[157]

This brave "no contradicition" stance was undermined elsewhere, though, when Pearson (realistically) set apart the European unity movement from his Atlanticism: "Certainly, if 1948 and 1949 were victorious years for the Atlanticists, the 1950s belonged to the European unionists ...."[158]

Yet, on the whole Canadian reactions to the ECSC from both media and government rarely exceeded the polite noncommittal. European political federation was dismissed as "not at the present time in the realm of practical politics."[159] The truth of the matter is that, as one student of the period put it bluntly, whereas "Canada gave verbal approval to the Schuman Plan ... it did not appear to be very interested."[160] There was little immediate need calling for closer interest. Canada was neither a major coal and steel exporter or importer to be much concerned about the possibility of European protectionism. Nor was Britain prepared to do as Churchill had preached. Leery of any serious sacrifices of sovereignty,[161] enamored of a Commonwealth-based "pillar of world power," Harold Macmillan articulated Britain's position in the *Manchester Guardian* of 11 October 1949:

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[153](cont'd)Development (CED), *The European Common Market and its Meaning to the United States*, (New York: Committee for Economic Development, 1959), esp. the "Summary" and "Introduction," pp. 11-26.
[154]"A Sign of Hope," *Financial Post*, 28 April 1951.
[155]"Ceremonial Ink," *Newsweek*, 16 April 1951.
[156]"French Plan on Coal and Steel Held Vital," *Globe and Mail*, 11 May 1950.
[157]Pearson, *Mike II*, p. 75.
[158]Ibid, p. 67.
[159]"Helping Europe to Unite," *Saturday Night*, 5 June 1951.

> The Empire must always have first preference for us: Europe must come second in a specially-favoured position. Politically, strategically, and economically, Britain is part of Europe, though she is also head of the Empire.[162]

Like its fellow socialist parties in Europe suspicious of European unity, the Labour government of the day steered clear of the incipient European community. Macmillan, more attuned to the "deep resentment in Europe at the British Government's double dealing,"[163] had no illusions about London's ability to keep its cake and eat it too. The issue did not blossom forth until the last quarter of the decade, however, and for the time being British abstinence from the ECSC fostered Canadian insouciance.

As for Washington's European policy, the seeds of conflict with Canada were already sprouting. Political aberrations (to Canadian eyes) like McCarthyism, a less than gratifying entente between Washington and Ottawa over the handling of the Korean crisis, and--in light of developments still far in the future symbolical in its coincidence with the nascent EC--second thoughts as to the effects of American capital deluging Canada's economy, all clouded relations. While C.D. Howe fought a furious rearguard action against public opinion trends in "that the admixture of external capital and enterprise with Canadian capital is contributing to industrial diversification, and hence to the strength and stability of the whole economy,"[164] one economic historian comments on

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[160] B.S. Keirstead, *Canada in World Affairs, September 1951-October 1953* (Toronto: Oxford University Press, 1966), p. 225.

[161] "A Sign of Hope," *Financial Post*, 28 April 1951.

[162] Macmillan quoted in Anthony Sampson, *Macmillan. A Study in Ambiguity* (London: Allen Lane The Penguin Press, 1967), p. 87.

[163] Ibid, Macmillan in a speech calling for a Commonwealth conference to explore the issue further. Of course, the Conservatives were out of power and could afford a more pro-European stance in keeping with Paul Reynaud's complaint: "The trouble is ... that in England statesmen are pro-European when they belong to the opposition and anti-European when they are in power." Ibid, pp. 90-1.

[164] C.D. Howe quoted in David A. Wolfe, "Economic Growth and Foreign Investment: A Perspective on Canadian Economic Policy, 1945-1957," *Journal of Canadian Studies* 13:1 (Spring 1978), p. 16.

> a break with the previous decade ... in the sphere of what can broadly be termed public consciousness. It was during these years that public awareness and public questioning of the role of foreign capital in the Canadian economy became a growing political issue. This fact forced the government to confront the issue more directly than it had at any time since the end of the war.[165]

This fanned a smoldering resentment of longer standing of the new American policy towards Europe, reflected in the rather agitated phrasing of one scholar:

> In economic policy ... the Eisenhower Administration showed a surprising lack of interest in the whole question of convertibility and freer international trade. British efforts to move in this direction were met with little understanding in Washington, where an *affection for the European Payments Union, with its exclusionist approach,* stood in the way of encouragement to what in Canada was regarded as a hopeful development ....[166]

American international economic policies were indeed falling into step with the beat of a different drum:

> We do not have, and we badly need, a realistic philosophy for a world in which the relations among national economies are not determined, and cannot be expected to be determined, entirely by the operation of free international markets in goods and capitals.[167]

Far from enough for a serious rift, these were nonetheless portents of troubles to come. They were scarcely mitigated by a more or less conscious feeling of greater Canadian sensitivity for matters European due to closer cultural and economic affinities with the "Old Continent."[168]

Matters did not come to a head until the schemes for the European common market actually took shape and painfully impinged upon Canadian interests, or so it seemed, leaving Ottawa "more than nervous."[169] For one, the United Kingdom might no longer be able to dodge her European responsibilities for the benefit of the Commonwealth, already disintegrating into a mere shadow of the former Empire. The British economy was showing signs of lagging behind some of its continental competitors, notably the Federal Republic of Germany where Ludwig Erhard's "economic miracle" was gathering astounding momentum. Consequently, the prospect of finding one quarter of Britain's total trade locked out from the proposed common market was none too attractive. Intra-Commonwealth trade, as exemplified by the Canadian case, promised no possibility of substitution: growing in actual terms, its relative importance to Britain was steadily declining. Returning to the Pearsonian metaphor cited previously, Canada now had good grounds to fear for her virginity. A heavy flirt between Britain and the "Six"[170] and courtship leading to free trade matrimony would leave Canada's seduction by the United States nigh ineluctable.[171] Simply put, the British counterweight to the United States would have been lost for Canada, and this at a time when a chaperone was sorely required. The formation of NORAD had shown that the US could (and would) deny Canada her security in numbers: the European members of NATO were to be disbarred from any direct decisional input into North American continental defence. According to one noted expert, during the short spell of their nuclear superiority over the Soviet Union, "the Americans were not willing to involve their European partners in any way in the defence of North America."[172]

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[165] Ibid, p. 15.

[166] Keirstead, *Canada in World Affairs*, p. 17. Emphasis added.

[167] C.E.D., *The European Common Market*, p. 26.

[168] Keirstead, *Canada in World Affairs*, p. 39.

[169] "Ottawa Sees Danger in European Market," *Globe and Mail*, 27 March 1957.

Naturally, the actual extent to which the United Kingdom, after the Suez debacle, could still act as a political counterweight was, to say the least, questionable.[173] It acquired symbolic value, however, adumbrating the sinking stock of continentalism, especially after the fateful pipeline debate. Public perception of John Diefenbaker as one to stand up to the Americans (to be borne out by his dangerously obstructionist brinkmanship during the Cuban missile crisis) certainly contributed to the Conservatives' success at the polls in the late fifties. It brought to the prime ministership a man for whom, to borrow Lloyd's coy understatement, "[t]raditionally Britain was the force that had to be called upon to balance the United States, and the sentiments of the Conservative Party inclined it to favour this sort of balance."[174] Thus, while Mr Pearson toyed with the *grand dessin* of an Atlantic

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[170] The six founding members of the European Economic Community were the same as the ECSC's, i.e. the Benelux, Italy, France, and the Federal Republic.

[171] Recently publicized documentation confirms that Canada had reasons for fear, not exclusively due to American designs. Granatstein, in *Canada's War*, p. 314 provides the following enticing quote: "In fact, the British were beginning to think of ways to reduce their dependence on Canada. 'If Canadian dollars are scarce,' one official noted, 'the United Kingdom must be able to cut down its imports from Canada and retain the right to decide for itself which things come first.' Wartime purchases should be kept up, but after the war, 'In certain cases the Canadian position should be satisfactorily met. ... But in other cases we are ... looking to switch pretty completely from Canadian to European sources of supply as soon as we can.' This was a very natural thing to do in the British self-interest, but it is 'essential that we should take the Canadians fully into our confidence.... This is the least we can do.' Indeed." T160/1376, Clutterbuck to Robinson, 24 April 1944. Just possibly Labour's embryonic anti-marketeer position may have staved off some British trade redirections.

[172] George Ignatieff, "In Self-Defence," *Maclean's*, 21 April 1980.

[173] For a discussion see Lloyd, *Canada in World Affairs*, p. 216.

[174] Ibid, p. 12.

Free Trade Area,[175] Mr Diefenbaker hatched a less grandiose design in cheerful disregard for his party's business supporters' advancing integration with their US analogues. Glimpsed for the first time in the course of the 1957 election campaign,[176] the "Chief" demanded the diversion of Canadian trade from the United States to Great Britain.

During his Dominion Day address to the Canadian Club in London, Mr Diefenbaker informed a politely attentive audience "that while we will maintain trade with the United States the time has come to diversify; the time has come to extend our trade on a wider basis than ever before."[177] Upon his return from the Commonwealth Conference that same month, the Prime Minister was more specific. A stunned British government learned that fully 15 per cent, or some 625 million dollars worth of Canadian trade would be affected.[178]

A sincere man of strong convictions, Mr Diefenbaker no doubt regarded his 15 per cent as equally invigorating to his true North, strong and free, as to Britain's Commonwealth leadership. But for London, pondering its gambit towards the Six, Ottawa's overture was received with mixed emotions at best and considerable embarrassment at worst. In a crafty countermove (since dubbed "Thorneycroft's potter ploy") befitting her superlative foreign service, Great Britain offered an Anglo-Canadian free-trade zone.[179] The inherent irony did not escape one commentator: "A Conservative Government traditionally if not actually more tariff minded than the Liberals, finds itself presented with a free trade offer from the Commonwealth mother to which it is devoted but whose offer cannot be accepted."[180] Despite its dubious distinction as the only practicable policy put forth to achieve Diefenbaker's cherished trade redirection and its attraction to Smithian purists, the Anglo-Canadian free trade area was neither economically nor politically acceptable to Canada. It obviously was not what Mr Diefenbaker had in mind. In his *Memoirs*, he signally demoted the proposal to "more properly, the free-trade suggestion," which

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[175] See Lester B. Pearson before the English Speaking Union, 30 April 1956, "The Atlantic Community," in his *Words and Occasions. An Anthology of Speeches and Articles Selected from his Papers by the Right Honourable L.B. Pearson* (Cambridge, Mass.: Harvard University Press, 1970), pp. 140-7. The genesis of Mr Pearson's Grand Design was unclearly dated among his supporters, though. Mr Chevrier attributed it to Mr Pearson's Nobel Prize acceptance speech in Oslo, December 1957. See *Hansard*, 24 April 1961, p. 3941.

[176] See Lester B. Pearson, *Mike. The Memoirs of the Right Honourable Lester B. Pearson*, Vol. III, *1957-1968* (John A. Munro and Alex Inglis, eds.) (Toronto: Toronto University Press, 1975), p. 30.

[177] John G. Diefenbaker, *One Canada. The Memoirs of the Right Honourable John G. Diefenbaker. The Years of Achievement 1956-1962* (Scarborough, Ont.: Signet, 1978), p. 61.

[178] The figure is given by Maxwell Cobden, "Canada, Britain and the Common Market," *Saturday Night*, 26 October 1957.

[179] See on this Mr Fleming in *Hansard*, 23 October 1957, pp. 3107-12.

[180] Ibid.

> was something that could only be taken seriously, if at all, in the long term. Further, regardless of the sensationalist treatment it received in the press, the world's experience with free-trade arrangements in 1957 was severely limited. The Common Market ... was not to come into effect until 1 January 1958. Common sense dictated that we wait and see what happened there before going off on any experiment of our own.[181]

Notwithstanding Tory reliance on British resilience to weather its economic doldrums,[182] the United Kingdom was no longer deemed much of an economic heavyweight by many. Participants at a CIIA conference in 1954 dismissed Britain as a means of cushioning "the impact on Canada of changes in the American economy:" "Those who wanted to expand trade with the United Kingdom were told that the only certainty was the uncertainty of that market."[183] Already in 1947 columnist P.M. Richards, no Anglophobe by any standard, prognosticated Britain's decline as a trading partner.[184]

Doubts were immediately voiced in Canada about Britain's sincerity in advancing the offer,[185] though subsequent analysis tends to confirm it as *bona fide*.[186] Besides, only camouflage as a free-trade arrangement could "GATT-proof"[187] Diefenbaker's 15 per cent, basically a bilateral preferential system outlawed under the General Agreement on Tariffs and Trade as discriminatory. Yet, the proposal undeniably maneuvered the United Kingdom into an enviable no-lose situation. Canadian acceptance, though short of maximizing British payoffs, would nevertheless have proven anything but detrimental to the British economy while crediting the government with a foreign policy line notably more popular among Britons than the continental connection. In the probable event of the Canadian gate being more or less politely shut, the public's pro-Commonwealth predilections were defused as an obstacle to getting at least a foot in the European door.

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[181] Diefenbaker, *Memoirs II*, p. 61. The qualifying "in 1957" almost seems to indicate regrets at a missed opportunity.
[182] See Mr MacDonnell in *Hansard*, 14 January 1957, p. 183.
[183] Davy, "Canada in the Free World," p. 190.
[184] P.M. Richards, "Our Difficult Trade Position," *Saturday Night*, 15 March 1947.
[185] "U.K. Offers to End Tariff if Canada Will Reciprocate," *Globe and Mail*, 30 September 1957.
[186] For details consult Lloyd, *Canada in World Affairs*, pp. 68-72.
[187] The apt term is Blair Fraser's in "What's Haunting Dief? The Ghost of Speeches Past," *Maclean's*, 6 October 1962. For an argument along these lines see also Mr Pearson in *Hansard*, 23 October 1957, p. 332. The Leader of the Opposition hyperbolized the 15 per cent trade redirection as "one of the most careless assertions ever made by any head of a Canadian government."

Deference to differential Commonwealth readings of the Cold War as well as domestic political expediency militated against fullfledged membership in any event.[188] Apart from some passing discomfiture, therefore, the Anglo-Canadian free trade episode presumably did little to sidetrack London from its preferred arrangement: a loose prototype of sovereignty association.[189] London was working for a free trade area with Scandinavia (and open to any other interested European country), separate yet umbilically connected with the germinal Common Market maturing among the Six. The difference between a free trade area and a common market, it ought to be recalled, exceeds mere semantics, though it seems not always to have been adequately understood by all Canadian politicians. In the former, nations level tariff and other trade barriers amongst themselves without, however, creating a common tariff against third parties. Hence, the United Kingdom could have maintained its Commonwealth preferences in a free trade arrangement. This could not be done in a common market, which includes a customs union among its members as well as free movement of services, capital, labor, etc.; as such, a common market represents a more exclusive higher echelon on the ladder of international integration.[190] Viewed from Canada, this differentiation provided but cold comfort.

Ottawa could scarcely feel reassured of British consideration for Canadian worries after Mr Macmillan's cavalier dismissal of Anglo-Canadian trade affected by the envisaged Anglo-Scandinavian Common Market-free trade set up as "a mere ten [sic] per cent." As a thoughtful editorial in London's prestigious *Economist* proceeds to point out, these 10 per cent happened to be composed of primarily manufactured and semi-fabricated goods such as paper, chemicals, and synthetic fibres whose preferential access to the British market had been the object of a protracted and difficile diplomatic wrestle. In fact, they represented the "fractional beginnings of what Canada has always hoped might develop into considerable lines of trade."[191] The matter would "require detailed study by the Government and thorough discussion with the other Governments concerned ," frowned Mr St. Laurent.[192] Those discussions, however, never exceeded the "periodical" talks mentioned by the Prime Minister in the Commons,[193] and Minister Howe pronounced himself singularly unconcerned.[194] Charged with deliberately downplaying the dangers to Canada, the government maintained on the contrary that it had been kept abreast of developments through GATT.[195]

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[188] This theme is developed in R. Craig McIvor, "Canada, Foreign Trade and the European Common Market," *International Journal* 13 (Winter 1957-58). The various Commonwealth stances were anticipated by Mansergh, "Britain, the Commonwealth and Western Union," passim.

[189] The parallel offered itself despite (in a way, because of) the imprecise definition of "sovereignty association," for Britain's was an effort at having the best of two worlds: she wanted the benefits of belonging to the larger economic entity, but was unprepared to submit to an arrangement detracting in any way from the sovereign legislative powers of the Mother of Parliaments.

[190] For a short informative elaboration of these differences see H. Edward English, "The Political Economy of Integration: A Brief Synthesis," in W. Andrew Axline *et al.*, eds., *Continental Communiy? Independence and Integration in North America* (Toronto: McClelland and Stewart, 1974), pp. 19-41. On pp. 22-4, English details six stages of economic integration: (1) zero integration; (2) conventional treaties; (3) free trade association; (4) customs union; (5) common market; (6) economic union.

Two ancillary factors entered the picture here. On the one hand, the "fractional beginnings" remarked upon by the *Economist* indicated, or could be interpreted as indicating, a slight move away from past Liberal trade policy, satisfied to see Canada cast in the familiar role of hewer of wood and drawer of water for the Americans. This way Canada would not only exploit to the fullest her competitive advantage in the raw materials sector, but, in Mr Howe's terms, further "an economic integration of North American resources"[196] to boot. On the other hand, economic ties to the United Kingdom persisted as the most important to certain regions in Canada.[197] The possibility of Mr Macmillan's 10 per cent proving but the tip of an iceberg foreshadowed domestic complications for the Canadian government. Prime Minister St. Laurent's 13 November 1956 reaction to Britain's projected association with the EEC dreaded "a partial development that resulted only in the creation of a new system of intra-European tariff preferences" impeding "trade between Europe and other countries, including Canada, without achieving the positive results which are expected from a full implementation of the plan."[198] Consequently, in tandem with Canadian reticence towards European regionalism as menacing an Atlantic community, this added up to the "worst anxiety of all:"

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[191] "Canada Eyes the Trade Plan," *The Economist*, 13 October 1956.
[192] Cit. by Eayrs, *Canada in World Affairs*, p. 181.
[193] *Hansard*, 6 March 1957, pp. 1931-2.
[194] *Hansard*, 29 March 1957, p. 2815.
[195] Mr Harris in *Hansard*, 4 April 1957, p. 3087.
[196] Cit. by Wolfe, "Economic Growth," p. 8. See also pp. 13-4. Wolfe demontsrates that this "conventional wisdom" in effect guided Canada's GATT negotiators, thereby reinforcing past Canadian foreign trade patterns.
[197] The regional dimension is a recurrent theme in Keirstead, *Canada in World Affairs*; see for instance pp. 40-1.

> The spectre which now appears before Ottawa's horrified eyes is a scene in which France, indignant and disillusioned by Mr Dulles's tactics over Suez, and Germany, accepting Dr. Adenauer's new rejection of the United States' "patronage," draw Britain into a political grouping which regards European unity as a sufficient goal.[199]

For Mr Diefenbaker, even more skeptical than Mr St. Laurent towards the novelty of the phenomenon taking shape in Europe, the free trade area could not but unacceptably cause Canada to drop among Britain's priorities. On the occasion of the March 1957 Anglo-Canadian talks in Bermuda the British still felt compelled to explain how the UK simply could not afford splendid isolation from a thriving European market which had long since overtaken the Commonwealth in importance. Time and again they stressed that Britain's association was not to occur at the expense of Commonwealth ties but rather as a supplement dictated by necessity.[200] One wonders whether this was the most propitious line of argument to allay Canadian reservations.

These issues, albeit less intensely, could not but lap over into Canadian assessment of the incipient European Economic Community itself. Canada's "highly qualified response"[201] was engendered by a debate covering all shades of approval and disapproval. To be sure, it was neither Atlantic pact good form nor intellectually fashionable in the late 1940s and 1950s to voice virulent objections to international integration in general and the European version thereof in particular. Approval in principle, predictably, had never been withheld by Ottawa. The relative paucity of coverage of the emerging European Community from the Schuman Plan onwards speaks to some disinterest in Canada so long as Britain was not directly involved. Even the loftiest political circles were not immune. "Public discussion has been stultified by lack of guidance from Ottawa," one caustic journalist moaned. "The shyness of the Liberals in releasing information has probably only been matched by the shyness of other parties in demanding to be informed."[202] Such opposition probes were doomed to meet with questionable results.[203] The extent of governmental indifference if not ignorance surfaced not only in easily avoided misnomers such as Mr Howe's reference to the "European iron and steel community"[204] or Finance Minister Harris' equivocation: "This month, I understand, six leading countries on the continent of Europe are signing, subject to ratification by their legislatures, an agreement to recast their tariffs and trade policy within the coming 15 years or so, in order to form a customs union."[205] The normally authoritative *Financial Post*, in happy disregard for the Messina and Venice conferences of June 1955 and May 1956 respectively, was deplorably baffled by President Eisenhower's euphoric proclamation of European union as closer at hand than it has been for centuries. "On what evidence," a nonplussed editorial writer queried, "he based this hopeful remark is not clear but presidents have information other men have not."[206] Generally, the notes of the advancing European integration were practically drowned under the shriller noises emanating from coverage of the Truman-MacArthur controversy or the events leading up to the Liberal suicide-by-closure in the infamous pipeline debate.[207]

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[198] Cit. by Eayrs, *Canada in World Affairs*, p. 181.

[199] "Canada Eyes the Trade Plan," *The Economist*, 13 October 1956. Oddly enough, the scenario of a Franco-German Europeanism directed against American hegemony would, more likely than not, have caused London to tighten even more the special relationship with Washington. Arguably, in light of Canada's experience in the 19th century, this would have been just as undesirable.

[200] "Ottawa Sees Danger in European Market," *Globe and Mail*, 27 March 1957. See also Mr St. Laurent in *Hansard*, 27 March 1957, pp. 2733-4.

[201] Eayrs, *Canada in World Affairs*, p. 22. Eayrs, interestingly, makes little effort to disentangle the free-trade and common market plans in terms of Canada's reaction.

Academics and some financial journalists were slightly more *au courant* than the politicians and general public.[208] While one session of the 24th CIIA conference concluded unequivocally that "Canada has more to fear than to hope from a successful attempt at European integration,"[209] the overall tenor of that same conference proved more cautiously differentiated. Canada "would be adversely affected in the short run although it is possible that ultimately she would benefit from the strengthening of the European economy which might come from economic unity."[210] Entirely at the opposite end of the spectrum was R.C. McIvor. Granting the danger "that regional gains" by the Europeans "may be ... at a cost of reduced trade with the rest of the world," this does not detract from his unswerving optimism:

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[202] David Grenier, "Europe's Free Trade Threat to Canada," *Saturday Night*, 8 June 1958.
[203] There were some, for instance *Hansard*, 12 February 1957, p. 1224 and 14 March 1957, p. 2225.
[204] *Hansard*, 20 February 1957, p. 1467.
[205] *Hansard*, 14 March 1957, p. 2225. See also the reference to the EEC as a "new European free trade area," with the gestation period this time placed at a decade; *Hansard*, 7 December 1957, p. 2035.
[206] "Hope for European Union," *Financial Post*, 9 June 1956.
[207] *Newsweek* appeared better informed and attuned to the developments in Europe between 1951 and 1958 than most papers.
[208] This author has found a pattern of public reaction from 1957 through to the present marked more by sympathy than information. See Ulrich Strempel, "Views of the European Community: Changing Canadian Attitudes from 1957 to 1978, or, Now You See It, Now You Don't," in Marie Fleming (ed.), *The European Community and Canada-EC Relations. Proceedings of a Workshop of the European Politics Group in Ottawa, 11-13 December 1978* (London, Ont.: University of Western Ontario, 1979), pp. 80-117.
[209] See R.W. Thompson's summary, "Canada, A United Europe and NATO," *International Journal* 12 (1957), p. 224.

> Canada's interest in supporting and encouraging these programmes lies not only in this broad political advantage but in terms of her own economic welfare, for with an economy so greatly dependent on foreign trade, Canada has a vital concern in any arrangements designed to foster a more favorable trading environment.[211]

Most press reports accentuated the economic over the political significance of the Treaties of Rome, though they would inform their readers rather *en passant* that "[u]ndramatically and tentatively, the United States of Europe--or the closest thing to it since Charlemagne--may be taking shape...."[212] There were even regrets that the Commonwealth had failed to take a similar course.[213]

Overall, the EEC emerged from the various analyses as a blessing in disguise for Canada even if, to appropriate Churchill's witticism, it was most effectively veiled for the time being. By the mid-1950s, a markedly recuperating European economy had already begun to turn off the fawcet of welcome skilled immigrants.[214] The comparative loss of international power and position suffered by Canada due to an invigorated Europe[215] had to be expected and was offset in Cold War strategy by throwing this "formidable team"[216] into the scales against the Soviet Union. The *Globe and Mail*, moreover, anticipated the Community's counterweight potential in terms suggestive of the Third Option:[217]

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[210] Ibid, p. 220.

[211] McIvor, "Canadian Foreign Trade," pp. 3-4. The political benefits alluded to refer to a strengthened Europe facing the Communist threat.

[212] "Taking Shape," *Time* (Canada ed.), 20 January 1958. See also "Treaties Launching United Europe Signed," *Globe and Mail*, 16 March 1957, which observes that the EEC and Euratom treaties "resume where the abortive European Defence Community left off." On the whole, Canadian press reaction was positive and considerably less reserved than the government's. For a more complete review see Lloyd, *Canada in World Affairs*, p. 77.

[213] "Step Towards Unity," *Globe and Mail*, 27 March 1957.

[214] "Immigration Slows Down with Boom in Europe," *Financial Post*, 7 May 1955.

[215] See Lloyd, *Canada in World Affairs*, pp. 81-2.

[216] This accolade is from "The Common Market," *Financial Post*, 4 January 1958.

[217] To be discussed in Chapter VI, B *infra*.

> a third great economic group ... in prospect which will rival the dollar and ruble areas, and provide a healthy balance between them. That revival, with the higher standards of living and greater well-being, can be a powerful alternative to the disastrous implications of our current lopsided dollar trade.[218]

It was taken as a matter of course that a flourishing European Community, already Canada's fastest growing foreign market, would inevitably become a more profitable trading partner by dismantling its tariffs on manufactured goods.[219] Since higher rates of European productivity would go hand in hand with greater purchasing power, the "threats to existing Commonwealth trade patterns could prove academic."[220] Still, the relationship of Commonwealth trading nations "could materially change;" as a result, Canada's "problem now is to determine how best to cooperate with the new Europe in the making," decided one editorial, adding in a bout of fatalism "because there is no alternative."[221]

On the negative side of the ledger, some doubted whether paeans over tariff reductions cut to the quick of things: "At the moment there are Canadian goods that could enter ..., pay tariffs and compete satisfactorily on a price basis--but no import licenses have ever been forthcoming to allow this trade to take place."[222] This was to say nothing of the uncertainty experienced by Canadian exporters in the face of the unprecedented Common Market venture. Industrial progress in Europe was also feared as placing Canadian manufacturers, temporarily at least, at an uncompetitive disadvantage, the more so since Britain could not "risk exclusion" from "an American type economy making European industry more competitive through the advantages of manufacturing for a mass market."[223] Thus, unless and until integration with the United States became politically viable, Canada would inexorably drift into the position of odd-man out as "the most important ... industrially advanced nation which is not ... integrated into a market of at least a hundred million people, with the advantages of specialization and competitiveness which such integration implies."[224] To make matters worse, while a booming European economy must needs devour gargantuan helpings of raw materials, there was pessimism as to how much more resource-rich Canada might be called upon to supply.[225]

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[218] "Our Share in a New Europe," *Globe and Mail*, 2 January 1958.

[219] Cobden, "Canada, Britain and the Common Market," *Saturday Night*, 26 October 1957.

[220] "Ottawa Sees Danger in European Common Market," *Globe and Mail*, 27 March 1957.

[221] "Step Toward Unity," ibid. Similar fatalism speaks from other analyses. See for instance J. Douglas Gibson, "Some Problems of Canadian Trading Policy," in Robert M. Clark, ed., *Canadian Issues: Essays in Honour of Henry F. Angus* (Toronto: Toronto University Press, 1961), esp. pp. 128-30. Declaring the "direct economic implications ... not on balance encouraging," Gibson pleads indirectly for pragamatism: "Whatever we in Canada may think of these plans, it is extremely doubtful whether we can do much to change them."

[222] "Barriers to the Common Market," *Financial Post*, 13 April 1957. The author is not very precise as to which goods are thus debarred.

[223] Grenier, "Europe's Free Trade Threat to Canada," *Saturday Night*, 8 June 1957.

The positive effects on Canada of the EEC could at best be glimpsed far down a road frought with agonizing adjustments. A tenuous but tantalizing parable was drawn by David Grenier who warned against smug assumptions as to Canadian competitive advantage arising out of plentiful stocks of raw materials. He recalled the decline of the Atlantic provinces following the displacement of the sailing ship by the steamer, of the wind, water, and wood economy by the coal, iron, and steel economy, regardless of remaining vast timber resources.[226] The implications did nothing to endear European unification to Prime Minister Diefenbaker:

> When Mr Crump of the CNR spoke about the threat to Canada posed by the EEC and said: "We must be prepared to accept wage levels that are consistent with the hard realities of our position in highly competitive world markets," he was praised by the press for his courage. It seemed to be the attack on high wages that pleased them. Mr Diefenbaker's government was not in favor of lower wages, and it may be excused if Mr Crump's remarks made it feel more hostile to plans for European union.[227]

Mr Pearson, then undergoing on-the-job training as Opposition Leader and as such highly unlikely to suffer immediate political recriminations for economic fallout attributable to the EEC (or perceived as attributable to it), rubbed salt into the Prime Minister's wounds. For a confirmed internationalist, the benefits of European recovery and stability "outweighed any immediate disadvantages and dislocations that might ensue for Canada."[228] Never one to mince his words, Mr Diefenbaker fulminated back with adjectives like "contradictory, cynical, and dishonest;"[229] for once this strikes the reader as justifiable anger rather than as part of the paranoic streak which unfortunately mars the "Chief's" reminiscences.

Sight unseen then, Prime Minister Diefenbaker assumed a somewhat jaded view of the European Community already prior to its official inauguration on 1 January 1958. The effects on the incipient relations between Canada and the EC as a novel international actor form the subject of the next Chapter.

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[224] H. Edward English, *Transatlantic Economic Community: Canadian Perspectives* (Toronto: University of Toronto Press, 1968), p. 1.

[225] Thompson, "Canada, a United Europe and NATO," p. 224.

[226] David Grenier, "Europe's Free Trade Threat to Canada," *Saturday Night*, 8 June 1957.

[227] Lloyd, *Canada in World Affairs*, p. 81.

[228] Pearson, *Mike II*, p. 76.

[229] Diefenbaker, *Memoirs II*, p. 62.

IV. Opportunities Lost: The Diefenbaker Era in Canada-EC Relations, 1958-1963

> "They're the only ones left who still believe in it all, the Canadians. They're like the British in India."
>
> – John Le Carre

A. Introduction

Projected against the background of its six members' combined potential, the entry onto the world stage of the EEC and its nuclear adjunct, Euratom, should have provided ample incentive for a foremost commercial nation like Canada, dissatisfied with its current trade pattern and ostensibly concerned with the unimpeded flow of international commerce, to strive for a close working relationship. A regime approximating Keohane and Nye's complex interdependence could have offered Canada an *entree* to influence Community behaviour at its formative and hence most malleable phase. The most direct approach might have been associate membership pursuant to Article 238 of the Treaty of Rome.[230] Multiple access channels, that most necessary if insufficient condition for complex interdependence, would have issued most naturally from a formal Canadian association with the EC. Theoretically, such an arrangement could have been accommodated under the terms of Article 238 because, contrary to Article 237 which restricts full membership to European countries, no such *de jure* geographic qualification exists for association. Albeit aimed first and foremost at the Community's own European rim, there was nothing to stop third parties from applying. Indeed, the first EEC summit brought forth a final communique indicating, in the long run at least, the possibility of further extensions.[231] Barring that, European diplomatists had indicated preparedness to consider reciprocal tariff reductions. It is just possible, if not wholly probable, that had Ottawa assumed the initiative and pressed firmly while banking on novelty's need for recognition, a mutually satisfactory formula could have been hammered out.

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[230] R. Scott, MP, among others suggested this in "The New Democratic View," in W.B. Cunningham (ed.), *Canada, the Commonwealth and the Common Market. Report of the 1962 Summer Institute, Mount Allison University* (Montreal: McGill University Press, 1962), p. 33. Article 238 authorized the Community to conclude "with a third country, a union of states or an international organization agreements creating an association embodying reciprocal rights and obligations, joint action and special procedures." Some of the more notable third countries sounding the possibility contemporaneously with the Diefenbaker government were Brazil and Iran.

[231] Cit. in "Common Market to Boost Co-operation in Politics," Montreal *Gazette*, 13 February 1961.

The Conservative government's record here is oddly equivocal. In June 1959 and January 1960 probes by the CCF Member for Burnaby-Coquitlam, Mr Erhart Regier, into efforts at Canadian membership or association elicited negative responses save for the accreditation of Canada's ambassador to Belgium with the EC. Secretary of State for External Affairs Green was quick to add, however, that this "involves no changes or commitment with respect to Canada's relations *with these countries*."[232] While the Community was not treated as more than the sum of its component parts, Mr Churchill admitted that Canada's association had not merely been on the agenda at an OECD meeting in Paris but that discussions were to resume at a later date, eventually divulged as "later in July."[233] One year thereafter, association was no longer deemed sufficiently "interesting" to be raised with the roving Mr Sandys then soliciting Commonwealth countenance of Britain's accession bid.[234] Wary of encouraging, however indirectly, this move through Canadian flirting with Brussels, Mr Fleming stressed the EC's "distinctly European" character in early 1962 and informed Parliament that association "was unsuitable for the self-governing Commonwealth members."[235] The Prime Minister well-nigh sneered at seeing Canada put on equal footing with "former colonial possessions," acceptable perhaps to the likes of Greece, European though "in the course of development," but not to Canada.[236] Besides, Canada would not be welcomed as an impediment *en route* to "a tightly knit, politically unified Europe."[237] While the Prime Minister sympathized with European reluctance to embrace voluntarily the major agricultural producer, Canada,[238] Mr Fleming extrapolated a more balanced if no less partisan economic ledger:

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[232] *Hansard*, 2 June 1960, p. 5286.
[233] *Hansard*, 1 July 1960, p. 5639.
[234] *Hansard*, 16 June 1961, p. 6438.
[235] *Hansard*, 24 January 1962, p. 148.
[236] Diefenbaker, "Canada and the European Common Market," S/S 62/3, p. 4. Elsewhere, Mr Fleming stressed that the Commonwealth members were not interested in "associated status in the vein of the French dependent territories." *Hansard*, 28 September 1961, p. 9059.
[237] Fleming, "Canada's Trade in a Changing World," S/S/ 62/5, p. 6.
[238] Diefenbaker, "Canada and the European Common Market," S/S 62/3, p. 4.

> There is no doubt that we would be expected to remove all tariffs against the Community. This would open up the whole Canadian market to their goods which ... are made up very largely of manufactures. The European Economic Community, on the other hand, would never consent to opening up their markets to the free flow of our agricultural products. ... What sort of bargain would it be for Canada if some of our major exports would not receive access comparable with their access to our market? Quite apart from the balance of the bargain, it is difficult to see how we could pursue our national objective by promoting a balanced economic structure in this country in circumstances where our manufactured goods were wide open to the unrestricted competition of the highly efficient and low-cost industries of Europe.[239]

With so little confidence in Canadian bargaining skills it comes as no surprise that by April 1962 the Brussels embassy, freshly accredited with the EC, was reduced to reporting Commission activities. The Secretary of State for External Affairs blandly denied either proposals or negotiations towards closer EC-Canada partnership.[240] To be sure, European enthusiasm, such as it ever was, had markedly cooled. Canada was seen as uncertainly vascillating on the borderline between the competitve world economy and myopic protectionist self-insulation. Furthermore, this country's close symbiosis with the United States branded it for some as the US' Trojan Horse, unwilling to jeopardize its American trade interests. To prevent US products from then using the Canadian back-door to slip into the EC at favoured conditions was deemed prohibitively intricate.[241]

The preceding sets the tone for Canada-EC relations throughout the Diefenbaker era. The early period witnessed a widespread lack of attention to Community developments among academics, business, press, and the government.[242] In the summer of 1961 Mr Fleming still rejected in his budget speech both extreme protectionism *and* Canada's joining some free trade relationship as valid foundations on which to rest the country's current foreign economic policy. "I do not believe that the economic problems which confront Canada today require a drastic redirection of our trading relationships; or that these problems cannot be overcome by a vigorous pursuit of our present trading policies judiciously adjusted to meet changing world conditions."[243] Temporising domestically while seizing every opportunity in international fora such as GATT to articulate Canadian reservations apparently required few interactions with the EC as such.

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[239] Fleming, "Canada's Trade in a Changing World," S/S 62/5, p. 6.
[240] See Mr Green's answer to Question Nr. 457/2 by Mr Matheson, *Hansard*, 16 April 1962, p. 2983.
[241] On this consult Smith, "Canada and the Challenge," p. 28.
[242] See Paul Fox, "Play to Win--The Great Gamble," *Canadian Commentator* 5 (December 1961), p. 2.
[243] *Hansard*, 20 June 1961, p. 6650.

This Chapter maintains that no efforts were undertaken by Ottawa to institutionalize with the Community the triple characteristics defining complex interdependence. The paucity of direct Canada-EC interactions dictates a circuitous approach. The EC must first be located in the wider context of the "Chief's" foreign policy to account for its minute part in Canadian external relations. Mr Diefenbaker's reign, after all, constituted a somewhat extraordinary period in post-War Canadian foreign policy as a rare Progressive Conservative break in nigh continuous Liberal tenure. Shrewd politician though Mr Diefenbaker was, foreign policy proved nary his *forte*. Rather than tackling points at issue with the Community *qua* entity--cardinally the question of continued Canadian access to European markets and the EC's effect on the international economic system--the Diefenbaker government deflected its diplomatic energies into multilateral fora hoping in part to sow dissension among the Member States and through linkage to security concerns. Much of the section scrutinizing the structures, processes, and issues will therefore spotlight Canadian actions trained on targets other than the EC. Especially Mr Diefenbaker's quixotic preoccupation with the Commonwealth preferential system surfacing during the abortive first EC enlargement must bear thorough investigation since it vicariously poisoned Canada-EC relations well beyond the Conservative administrations. A concluding section will thereafter evaluate the evidence from the perspective of the analytical framework.

B. Mr Diefenbaker, Canadian Foreign Policy, and the EC

The year which spelled the Conservatives' electoral demise, 1963, also saw the publication, by a disgruntled Canadian foreign service officer turned academic, of a slim volume indicting the Diefenbaker government's handling of external affairs. The problem, as P.V. Lyon presented it, was not a drastic reversal in the strategic thrust of Canadian foreign policy; indeed, he lauds the Diefenbaker administration as deserving "credit" for that rare attribute of statesmanship, the "willingness to forget earlier positions, adopted without full knowledge of the facts, and to preserve the essential continuity of Canada's post-war foreign policy." Ottawa's diplomatic tactics, though, had "changed radically, generally for the worse," due less to ministerial inexperience than "to the desire to exploit foreign policy in order to reap domestic popularity."[244] In the banking metaphor which Lyon weaves around his analysis, this resulted in a loss of "diplomatic credit"[245] at a time when Canada had to grapple with a severe overall reversal in her international position. For much of this deterioration the Diefenbaker government--any government, for that matter--could not be held directly responsible. The sorry inheritance left by the Liberals may well have sugar-coated the bitter pill dealt them on 10 June 1957. Domestically, unemployment rose while Canada's economic rate of growth fell, plunging the country into a serious economic crisis which could not but have an impact on foreign trade and tariff policies. Internationally, Ottawa continued for a while to operate effectively "through such traditional channels as diplomatic contacts, UN committees, and backstage negotiations at the UN,"[246] but her relative international influence had been on the wane since the mid-1950s. Reinvigorated Europe and Japan as well as the appearance of new actors in Asia and Africa significantly changed the global environment. There were fewer opportunities to mediate, be it among allies or allies and third parties. Ottawa, a creditor even to the British mother country after World War II, must herself resort to heavy international borrowing.[247]

Logically, such circumstances ought to have prompted Canadian foreign policy makers to husband and draw wisely on their diplomatic credit, honed through the internationalism and "quiet diplomacy" of previous governments: "We should have become more selective and tactful about our foreign policy initiatives, at least temporarily," mused Lyon. "For Canada, modesty had been an advantage; after 1957 it had become a necessity--we had so much more to be modest about."[248] Yet Prime Minister Diefenbaker seemed bent on overdraft by a curious combination of neglect, inept leadership, and ultimately policies alienating not only Canada's traditional international partners but also a potential new ally, the incipient European Community.

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[244] Peyton V. Lyon, *The Policy Question. A Critical Appraisal of Canada's Role in World Affairs* (Toronto: McClellan and Stewart, 1963), p. 91.

[245] Ibid, p. 22. Lyon defines "diplomatic credit" as follows: "Without this a nation's foreign policy can accomplish little. If we possess diplomatic credit in a foreign capital, or in an international organization, our representatives know they can make requests or offer suggestions with some prospect of success; if we are low in credit, or overdrawn, they are merely going through the motions when they seek to influence other governments. A nation acquires credit when it makes its support necessary, or at least desirable, to other nations. Diplomatic credit thus has much to do with military or economic power. It can be augmented, however, by showing a sympathetic interest in the problems and aspirations of other nations, or by gaining a reputation for dependability and sound, well-informed judgement. The possession of credit in a capital helps to boost the nation's rating in other capitals as well."

[246] Richard A. Preston, *Canada in World Affairs 1959 to 1961* (Toronto: Oxford University Press, 1965), p. 285.

[247] See above, Ch. III, and Peyton V. Lyon, *Canada in World Affairs 1961 to 1963* (Toronto: Oxford University Press, 1968), pp. 2-3 and 327-8.

The problem with Canada-EC relations initially was not so much one of bad policy, but of no policy. Granted, during the first half decade of its existence, the EC was arguably more easily dismissed as a formidable international actor than it is today. The Community had yet to prove its full viability, though available indicators were impressive, to say nothing of its potential as a new player on the international scene. Repeated references in public addresses or parliamentary statements, however, belie any hypothesis imputing government unawareness. Discounting the obligatory and somewhat platitudinous expressions of sympathy for European integration, the Diefenbaker government's working assessment was typically circumscribed by then Secretary of State for External Affairs Sidney Smith. He spoke to the Halifax Board of Trade about "interest not unmixed with concern,"[249] the emphasis lying heavily on the economic. Contrary to Washington, strongly supportive of the nascent "United States of Europe," Canadian politicians assumed a more noncomittal watching brief. Ottawa's stance was thus largely reactive rather than taking an active part, in so far as this was possible, in the shaping of Community developments. Neither the Prime Minister nor his secretaries of state for external affairs saw fit to advance a coherent statement of policy *vis-a-vis* the EC until 1961, the period when Britain's accession bid reached its crescendo. Even then, Ottawa's position, reactive to the point of having been called reflexive,[250] represented less a deliberate policy towards the EC as against British membership. Moreover, it was embedded in a wider, again economic, context. As summarized by the Minister of Finance, Donald M. Fleming:

> these are the main elements of our policy:
> 1. We shall continue friendly co-operation with the British Government to assist them to safeguard the vital interests of Canada and other Commonwealth countries in their negotiations with the European Community.
> 2. We desire to see our relations with Commonwealth countries, economic and other, preserved and strengthened and will work consistently to this end.
> 3. Through the GATT and in other ways, we will endeavour to maintain and

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[248] Lyon, *Policy Question*, p. 92.
[249] Smith, "Canada's International Economic Relations," S/S 59/15, p. 5.
[250] R.A. Dodd, *Le Canada et la Communaute Europeenne*, Unpublished MA Thesis, University of Montreal, Montreal, 1974, p. 10.

> enlarge our access to the European market and further in every way the expansion of our exports to this important area.
> 4. Together with the United States and other like-minded nations, we will play a constructive role in the promotion of freer world trade on a multilateral non-discriminatory basis.
> 5. In the all important area of agriculture we will co-operate with current and future international efforts to bring about more rational and equitable conditions of trade.
> 6. At home, we will work constantly for the improved efficiency and modernization of Canadian industry so that we can take full advantage of all opportunities which will become available for our exports under conditions of freer world trade.
> ...
> The situation is much too complex to permit anyone to be dogmatic about precise solutions. We must proceed with careful regard for the many and varied political and economic factors, national and international, which face us. A great deal of hard bargaining lies ahead; in some instances we will be participating directly; in others we may not be direct participants although our interests may be profoundly affected by the outcome. In participating in whatever negotiations may be required to reshape the world's trade and economic patterns in the face of the kind of developments I have outlined ... it will remain our policy to seek in every quarter the retention and expansion of our existing markets and the winning of new ones.[251]

When referring to the European Community, though, members of the Diefenbaker government as a rule failed to grasp it as anything beyond the sum total of its six component states. Typical is Mr Fleming's assurance to Parliament that "[o]ur relations with the E.E.C. are, on the political side, very warm and friendly. *All six countries are our allies* and we recognize the value of a strong and united western Europe as a bastion of freedom."[252] For the purposes of this study, the stress on Commonwealth relations, on multilateral fora, on traditional diplomatic avenues, as well as on bilateral interactions all stand out as important.

The explanation for the relegation of Canada-EC relations (with the intriguing exception of its nuclear arm, Euratom) to second-hand treatment is multifaceted. Foreign policy generally experienced a certain devaluation under Diefenbaker, reflected in the appointments to the External Affairs Department. A senior and influential portfolio in most governments, the "Chief" initially revived the personal union with the prime ministership, deemed impractical since 1946 even by William Lyon Mackenzie King. Not until 13 September 1957 was a suitable candidate designated with Sidney Earle Smith. A lawyer and academic prior to entering active politics in 1957, Smith's parliamentary experience was nigh nonexistent. By 17 March 1959, the unfortunate Mr Smith had almost literally killed himself trying to make as capable a foreign minister as he had been an administrator at the universities of Manitoba and Toronto. After leaving the post vacant for a day's interregnum, Diefenbaker himself once again shouldered the dual burden as "acting" Secretary of State for External Affairs until the installment of Howard Charles Green on 4 June 1959. Mr Green, an MP since 1935, brought to the portfolio his somewhat unrelated cabinet background in Public Works and as Acting Minister of Defense Production. Given his preoccupation with disarmament bordering, according to one scholar, on "singlemindedness"[253], Mr Green may have been a less than happy choice, from Washington's and western Europe's vantages, at a time when the global environment was racked by crises one of which brought the two superpowers to the brink of nuclear armageddon.[254]

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[251] Donald M. Fleming, "Canada's Trade in a Changing World, Speech at the Canadian Club of Winnipeg," 19 January 1962, S/S 62/5, pp. 10-11.
[252] *Hansard*, 24 January 1962, p. 148. Emphasis added.

The Diefenbaker governments were notoriously plagued by disturbed relations between cabinet and the civil service. For the Prime Minister, many an unsatisfactory implementation of his policies were squarely attributable to a Liberal "infected" bureaucracy. Senior officials, likely less partisan than given credit for, were distressed by the absence of determined political guidance enabling them to discern just what government policy was.[255] Nor was the East Block spared this ordeal. The short-circuiting of diplomatic experts was sufficiently blatant in the European theatre to be attacked by the press: "In effect, there are two systems by which Canada House reports to Ottawa: The normal one, prepared from the works of the official staff of experts ..., and a second one shaped by Mr Drew's personal views of what is happening and sent personally to particular ministers."[256] The Department's disavowal of the story as "highly speculative"[257] carries little persuasion given Mr Diefenbaker's later disclosure that his High Commissioner in London owed his position *inter alia* "to his strong opinions ...

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[253] Preston, *Canada in World Affairs*, p. 283.
[254] It is interesting to note here that undoubtedly due to the mostly economic focus of Ottawa's relations with the Community, many parliamentary queries pertaining thereto were in fact fielded by the ministers of finance or trade and commerce.
[255] This theme surfaces repeatedly in Peter C. Newman, *Renegade in Power: The Diefenbaker Years* (Toronto: McClelland and Stewart Limited, 1963), passim. Though recently maligned as at least partially Liberal financed, Mr Newman's book remains a standard source on the Diefenbaker administration. Seeing that his volume on Pearson is no less of a "hatchet job" much stock can still safely be placed on his analysis and reporting.
[256] "Drew Snubs U.K. Briefing on Common Market," *Globe and Mail*, 11 November 1961.
[257] "Exaggeration: Ottawa," *Globe and Mail*, 13 November 1961.

which I shared."[258] The effect on foreign service morale is easily divined.

What is more, foreign policy for John G. Diefenbaker was largely a means to be manipulated for domestic political/electoral ends.[259] Throughout the period under examination in this Chapter, Canadians scarcely distinguished themselves by a thorough, let alone well founded, knowledge of the European Communities. In August 1961, when confronted with the casually phrased, "Do you happen to have heard or read anything about the European Common Market?", a mere four out of ten respondents could answer in the affirmative. This proportion had grown to 55 per cent by April 1962, dropping off slightly by 2 per cent early the following year.[260] A breakdown of interviewees by profession in January 1963 indicating knowledge of the EC (under its more popular nomer "European Common Market," to be sure), showed professionals and business executives (72 per cent) to be by far the most aware, followed by white collar workers (61 per cent), farmers (55 per cent), and labour bringing up the rear with a paltry 39 per cent.[261] Save for the knowledgeable farmers, there is nothing extraordinary about this distribution since non-manual workers as well as professionals consistently prove more interested and hence informed about international affairs. Senior executives could not shrug off the EEC's position as Canada's third most important trading partner after the United States and Great Britain, well ahead of Japan. Professor Mahant found that some mild concern as to the repercussions on Canadian trade of the EEC among businessmen notwithstanding, the "majority ... expressed interest in the EEC mainly because of the possibility of British entry."[262]

Despite the quantitatively ascendant trend, the Gallup polls had little to say about the qualitative aspects unless one accepts as an indicator that out of the "knowledgeable" respondents, 19 per cent had no opinion in 1961. Nearly one-third refused an evaluative reply in 1962 and a further 9 per cent would do so only with qualifications.[263] In so far as lack of knowledge is symptomatic of disinterest, then, public opinion on the EC could not be lucratively exploited at the polls. The government enjoyed great latitude even though 57 per cent of Conservative supporters, torn between Anglophile and politically partisan sympathies, disapproved of Mr Diefenbaker's anti-accession policy.[264] On the other hand, mileage could be gained from "standing up to" the US,[265] or engineering a rapprochement with Britain and the Commonwealth. As approval of the EC slumped to its 39 per cent ebb, Canadians could pride themselves in more passionate endorsement of the Commonwealth than the antipodean Australians. In January 1963 half the respondents considered the Commonwealth "a fine example of the way in which widely different people ... can live and work together," with a further 23 per cent insisting continued participation in the organization to be "worthwhile."[266] This must have been music to Mr Diefenbaker's ears, convinced as he was--however erroneously[267]--that his election was attributable to no small extent to his Tories' staunch pro-British line throughout the Suez fiasco.

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[258] John G. Diefenbaker, *One Canada. The Memoirs of the Right Honourable John G. Diefenbaker.* Vol. II. *The Years of Achievement 1956-1962* (Scarborough, Ont.: Signet, 1978), p. 43. Hereafter cited *Memoirs II.*

[259] This theme recurs in various assessments of Prime Minister Diefenbaker's foreign policy, *inter alia* in Lyon, *Policy Question*, passim.

[260] Figures from Canadian Institute of Public Opinion, Public Opinion News Service, *The Gallup Poll of Canada* (hereafter cited Gallup), 26 August 1961, 21 April 1962, and 23 January 1963. The increase is probably attributable to the immersion effect from the media and public announcements during the dabate over British membership.

[261] Gallup, 23 January 1963.

[262] Edelgard E. Mahant, "Canada and the European Community. A Policy-Making Study." Paper Presented to the Canadian Political Science Association, Edmonton, June 1975, p. 37.

The reader of Prime Minister Diefenbaker's *Memoirs*, especially the volume devoted to his years in office, encounters a definite emotive attachment to Britain, Crown, and the Commonwealth. Domestically, the monarchy, for Mr Diefenbaker, functioned as a crucial backstop for the democratic system in times of crisis and as a protective device against the unscrupulous abuse of Prime Ministerial powers. "I am a Canadian first, last, and always, and to me the monarchy remains a vital force in the

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[263] For a more thorough comparative analysis see Ulrich Strempel, "Views of the European Communities: Changing Canadian Attitudes from 1957 to 1978, or Now You See It, Now You Don't," in Marie Fleming (ed.), *The European Community and Canada-E.C. Relations. Proceedings of a Workshop of the European Politics Group in Ottawa, 11-13 December 1978* (London, Ont.: University of Western Ontario, 1979), pp. 80-117. One interesting finding indicated a correlation between the gist of public announcements against British accession to the EC and the public's assessment thereof and of the Communities, ibid, pp. 98-100.

[264] See Mildred A. Schwartz, *Public Opinion and Canadian Identity* (Berkely: University of California Press, 1967), p. 63. 83 per cent of NDP and 69 per cent of Liberal supporters were also disapproving.

[265] See for instance Trevor Lloyd, *Canada in World Affairs 1957 to 1959* (Toronto: Oxford University Press, 1968), p. 10.

[266] Gallup, 19 January 1963 and 23 January 1963.

[267] On this see John Meisel, *The Canadian General Election of 1957* (Toronto: University of Toronto Press, 1962), pp. 57-9 and 254-5. If Diefenbaker laboured under an illusion here, so did the Liberals according to Lester B. Pearson, *Mike. The Memoirs of the Right Honourable Lester B. Pearson*, Vol. III, *1957-1968*, ed. John A. Munro and Alex I. Inglis (Toronto: University of Toronto Press, 1975), p. 16. Pearson cautiously qualifies his statement by "in some parts of the country."

Canadian Constitution," wrote Mr Diefenbaker. He proceeds to acknowledge with gratitude to have "benefitted from [the Queen's] ... wisdom,"[268] whose presence in Canada in her capacity as Head of State Mr Diefenbaker strongly encouraged and solicited. Furthermore, he derived Canada's very reason for being from allegiance to the Crown.[269] In foreign affairs, Britain and the Commonwealth served as prime reference points for the Chief who once even rationalized this country's abstention from the Organization of American States by the inappropriateness of a constitutional monarchy acceding to an organization of republics.[270] Time and again does warm emotion colour Mr Diefenbaker's references to the Commonwealth, for which he admitted to harbouring a "deep and abiding emotional attachment."[271]

Such faith, which the Chief even credits with infusing him with the requisite strength to deliver a glowing address on the Commonwealth while weakened by fever,[272] must necessarily impinge on his conduct of external affairs generally. Cross with Britain's rebuff, bordering on unstatesmanlike lack of foresight, of Canada's proposed trade redirection aimed at reinvigorating the Commonwealth trading system,[273] Mr Diefenbaker devotes an entire Chapter to eulogizing that organization, the conception of which he traces back to Sir John A. Macdonald with but a passing nod at Mr Smuts. Thus, the Commonwealth offers Canada a "much clearer window on the world" than the more exotically heterogeneous United Nations, which it rivals as a wellspring of international peace and collaboration. Thanks to the familiar parliamentary processes and traditions of Rule of Law, the Commonwealth in Mr Diefenbaker's eyes also served as a firm bulwark against Communism. The Prime Minister clearly also cherished the clubby sense of community, periodically renewed at Commonwealth Prime Ministers' conferences, nothwithstanding the nigh heretical penchant of some newer members for republicanism. As for relations with the evolving Third World, the Commonwealth, through the Colombo Plan, provided a focus for Conservative decision-makers in Ottawa. Small wonder, therefore, that throughout the British-EC negotiations towards enlargement, to Mr Diefenbaker's mind doomed from the outset thanks to French opposition, he planned a grand Canadian initiative to salvage and restore the Commonwealth enabling "Britain to achieve a major part of her own economic objectives without disturbing the existing pattern of Commonwealth relations," as membership in the European Community would inevitably and probably irretrievably have.[274] The plan, scotched by the vagaries of electoral politics with the Tory defeat in 1963, was based on the Commonwealth system of trading preferences and the Colombo Plan. Consultations and active co-operation were to have been stepped up among member countries. A moving speech at the London Guildhall on the occasion of Mr Diefenbaker's becoming a Freeman of the City re-emphasized the primacy of the Commonwealth in his foreign policy.[275]

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[268] Diefenbaker, *Memoirs II*, pp. 51-2.
[269] Ibid, p. 49.
[270] Ibid, p. 134.
[271] Ibid, p. 155.
[272] The speech was given at London's Albert Hall on 4 November 1958, ibid, pp. 171-2.
[273] See ibid, p. 163.

To this must be added a feeling of uncertainty surfacing in practically all government statements on the EC. Albeit official Ottawa considered it "too early to forecast what the effects may be,"[276] the Conservatives clearly expected the worst, namely a protectionist regional bloc just a little short of John W. Holmes' apocalyptic polemics about a "Festung Europa" fortified by "ruthless disregard of the interests of other countries."[277] This amplified prime ministerial exhortations that Europe's "prosperity should not be realized at the expense of outside countries."[278] Combined with Canada's own depressing economic performance, this predisposed the government to heeding quasi-protectionist voices at home[279] instead of more differentiated views of post-war European regionalism.[280] The Opposition, especially the combative M. Chevrier,[281] time and again seized upon the endemic contradiction between preaching free trade while to some extent practicing protectionism to mount furious attacks on government handling of external economic relations.

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[274] Ibid, p. 170.

[275] Rendered ibid, pp. 183-5.

[276] *Hansard*, 14 March 1957, p. 2252.

[277] John W. Holmes, "Political Implications of the European Community," *Queen's Quarterly* 69:1 (Spring 1962), p. 4.

[278] John G. Diefenbaker, "Canada and the European Common Market. Partial Notes for an Address by Prime Minister John G. Diefenbaker to a Combined Meeting of Hamilton Chambers of Commerce, Hamilton, Ontario," 7 December 1961, S/S 62/3, p. 1.

[279] An extreme example, representative only in its overall thrust, is this parliamentary intervention by Social Credit MP Mr Ouellet: "I have here in my hand figures concerning my constituency and I see that during the last ten years more than 5000 employees in the textile industry were laid off for the only reason that textile products are imported from foreign countries. Why is my region always the victim of the trade we make with other countries? I think it should be another region's turn. Besides, it is clear that those foreign manufacturers pay starvation wages and quite often their labour conditions are unreasonable." *Hansard*, 24 October 1962, p. 900.

[280] One good example here is G.L. Reuber, "European Trade Blocs and Canada's Export Trade," *The Canadian Banker* 68 (Winter 1961-62), pp. 20-30.

[281] For one instance out of a multitude see *Hansard*, 24 April 1961, p. 3939.

Britain's accession bid in the summer of 1961 conjured up in Mr Diefenbaker's mind the chimerical vision of a crumbling Commonwealth. It cast into sharp relief the deleterious effects of the British plan on Canadian commerce, to say nothing of his pet project of redirecting 15 per cent of Canada's trade to the UK. This galvanized governmental misgivings about the EC's effect on North Atlantic trade patterns by threatening not only to negate Commonwealth preferences in the British market but further sheltering that market behind the Community's common external tariff. Mr Diefenbaker's attitude was grounded less in the objective importance to Canadian exports of the Commonwealth, which was demonstrably declining, than on its subjective importance to him.[212] For a Prime Minister, whom a cabinet colleague flattered with the epithet of having "always been a Commonwealth man,"[213] the implications of British membership in a grouping of countries chided in Conservative ranks as "a political ambition of the United States"[214] may well have exacerbated the dollars-and-cents issue of the balance of trade and payments.

Whereas these could, and were, called upon as rationalizations, the UK's joining the EC doubly threatened the political aim of reestablishing Britain as a functioning economic counterweight to the United States. For one, it sidetracked London towards continental Europe. For another, it simultaneously soured relations further with the still dominant neighbour to the south. Partially this was due, as the London *Times* perceptively speculated, to doubts whether the American pull could be resisted once the countervailing ties to the UK and Commonwealth became unpegged.[215] Worse yet, it left Kennedy and Diefenbaker working directly at crosspurposes which did little to cement the shaky rapport between the two leaders. Both Newman[286] and Warnock[287] make much of the ensuing revealing vignette as contributory to Kennedy's and Diefenbaker's intense mutual dislike. During his visit to Ottawa in mid-May 1962, the President

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[212] As one commentator put it: "In effect, the British bulldog helped to keep the American fox at bay. However, it is apparent that this policy which has served us well is now outmoded, as preference margins have been of declining importance throughout the Commonwealth. In 1937, the average preference margin for the whole Commonwealth was 10 to 12 per cent; by 1948, it had fallen to between 5 and 7 per cent, and in 1957 it was less than 5 per cent. Of course, in a world of high costs such a margin is not insignificant. A number of causes have contributed to this decline. In particular, the persistence of post-war monetary inflation has reduced the importance of specific duties ... and, therefore, reduced the effect of the preference margin." H.I. Macdonald, "Canadian Hedgehog and American Fox," *Canadian Commentator* 5 (June 1961), p. 4.
[213] Howard Green, *Hansard*, 5 October 1962, p. 243.
[214] *Hansard*, 6 August 1960, p. 7699.
[215] *Times* Canada Supplement cit. in Lyon, *Canada in World Affairs*, pp. 436-7.

> asked Diefenbaker why he was not willing to help get Britain into Europe since in his opinion, the move was important to the future of the free world. Diefenbaker answered by asking Kennedy why *he* didn't lower American tariffs to allow European goods into the United States. Kennedy said he couldn't do that, because it was one of the realities of politics that the President could not sacrifice the votes involved in such a step. "Exactly," Diefenbaker replied.[288]

Seldom was the confluence of electoral considerations with Commonwealth loyalty and economic motives, which undergirded Diefenbaker's approach to the EC, more graphically shown. Far from obliging President Kennedy's request, the Diefenbaker government went to some length to warn the United Kingdom against throwing in her lot with continental Europe.[289] London's negotiations with Brussels therefore ranked among the "other more important issues" which kept "cropping up" forcing Trade Minister Hees to put the design of a departmental tie onto the backburner.[290] This unprepossessing tableau, necessarily painted in broad strokes, must be borne in mind throughout the analysis of Canada-EC relations under Prime Minister Diefenbaker.

C. Structures, Processes, and Issues

Economic Implications

Prime Minister Diefenbaker's original apprehensions, understandable not only for the Community's novelty, concerned the overall effects of the EEC upon the international system. Canada's per capita dependence on foreign trade exceeded that of the US by three and a half times and was twice that of Great Britain; every fifth Canadian derived his livelihood from external commerce, a proportion in 1958 unrivalled by any other country.[291] Small wonder that Canadian decision-makers developed something akin to a trading bloc phobia, the nightmare of "being ground between the upper and nether millstones--the United States and a European free trade area."[292] Indeed, the Communist bloc, the Six, the Seven, and the Latin American Free Trade Association (LAFTA) about to be launched in 1960 left Canadians acutely aware of their exposed proximity to the US.[293] Trends towards international regionalism resided uppermost on Canada's list of grievances at the 1960-61 GATT Conference. The EC earned special mention as being of "critical importance."[294]

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[286] Newman, *Renegade*, pp. 264-6.

[287] John W. Warnock, *Partner to Behemoth. The Military Power of a Satellite Canada* (Toronto: New Press, 1970), p. 190.

[288] Newman, *Renegade*, p. 265. The story has a sequel. A memo by presidential aide W. Rostow with the Americans' "shopping list" for the trip, including Canadian endorsement of British EC membership, fell into Canadian hands. Kennedy had carelessly scrawled onto it, "What do we do with the --- now?" It coaxed an incensed Diefenbaker into some vindictive and rather undiplomatic moves preempting any further face-to-face meetings between the two. Ibid, pp. 266-7. It can safely be assumed that this episode proved more detrimental to the two men's relationship than an earlier one in which Kennedy allegedly hurt his back while planting a tree with the Prime Minister in Ottawa. See *Hansard*, 8 June 1961, p. 6019..

[289] See on this Pearson, *Mike III*, pp. 46-7, and Schwartz, *Public Opinion*, p. 26.

[290] "The Tie That Binds Finds no Necks Out," *Canada Month* 1 (October 1961), p. 25; this juxtaposition was quite probably an unintended fascetiousness on the part of the magazine.

The litany of top-level statements emanating from Ottawa invariably recited three recurrent themes. First, whether Europe would be "inward" as opposed to "outward" looking and make a contribution to freer and richer world trade. Second, its corollary of whether Europe would be trade creating instead of trade diverting. Third, the fate of traditional Canadian markets, primarily for agricultural produce was pondered.[295]

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[291] The figures were derived from data included in Paul Fox, "Play to Win--The Great Gamble," *Canadian Commentator* 5 (December 1961), p. 2 and Sidney Smith, "Canada's International Economic Relations. At the 208th Annual Meeting of the Halifax Board of Trade, 16 March 1959," S/S 59/15, p. 2.

[292] J.M. Macdonnell, *Hansard*, 19 March 1957, p. 2463.

[293] See H.M. Batten, *Hansard*, 21 March 1960, p. 2276 and Bruce Hutchinson, "Only Atlantic Trade Can Start Us Growing Again," *Maclean's* 11 February 1961.

[294] H.B. MacKinnon, "Trade Access to the EEC, Statement to the 1960-61 GATT Tariff Conference at the Opening Session on September 1, 1960," S/S 60/30, p. 1.

[295] Two typical examples are Mr Fleming's budget speech, *Hansard*, 17 June 1958, p. 1238 and Howard C. Green, "Canadian Foreign Policy in Relation to Canada's Exports, Address to the Canadian Exporters' Association, Les Seigniory Club, Montebello P.Q., October 14, 1959," S/S 59/ , pp. 8-9. Specifically, a complete list of anticipated EEC effects on Canadian trade reads as follows:

> "1. A Canadian export to an E.E.C. country may be displaced by competitors within the customs union.
> 2. A Canadian export to the E.E.C. may increase or decrease as the member countries shift to a common tariff rate lower or higher than their original rates before unification.
> 3. A Canadian export to a third area may be displaced by a common market product now produced more efficiently through expansion of the producer's domestic market.
> 4. A Canadian export to the E.E.C. may increase because the common market arrangements have aided the member countries to achieve higher rates of growth in income. ...
> 5. A Canadian export may be used in some manufacturing operation within the common market. Or it may be consumed *together with* a common market product, that is, the two products may be complementary. In either case, if output of the E.E.C. product grows, the Canadian export will also grow. On the other hand, the E.E.C. product may be a good substitute for the Canadian export, which will then decline in volume.
> 6. The same sort of chain-like relations may operate through third countries. Imagine a fall in an export to the E.E.C. from a third area, such as Britain. A Canadian export to the third area will fall if it is either a substitute for the

[295] Every EC trading partner could legitimately pose these questions. European spokesmen like the Netherlands' ambassador in Ottawa tried to allay Canadian fears by pointing at the Six' own dependency on extra-European commerce as militating powerfully against restrictionist tariffs.[296] Canadian diplomats in Europe responded in kind. Escott Reid, then Canadian ambassador in Bonn, attributed his government's position not to criticism of the EEC, but to uncertainty pending the formulation of common policies, chiefly the dreaded CAP.[297]

This author would not go so far as to maintain, as did Lyon with his knack for colourfull phrases, that Ottawa regarded it as an "immoral" conspiracy to complicate life for Canadian exporters."[298] Yet undeniably the government's reaction was vitriolic, its blustering rhetorical flourish bordering on the erratic and the poorly coordinated behaviour of a surprised victim. To wit, Mr Fleming's St Adele address, the first to publicly tender reprisals. A further instance was the ensuing notable anti-EC tirade of another cabinet member, editorialized in the *Winnipeg Free Press* as "comic relief": "If ... Britain goes in and joins this cloister, this monastery (the Common Market), everybody will be taking in everybody's washing."[299] At one point Mr Fleming was so annoyed as to consider severing the nose to spite the face: "Certainly under such circumstances, the pressures for Canada to embark upon closer trade associations with other countries, especially the United States, would understandably be greatly increased."[300] This, of course, would have amounted to a complete turn-about in Conservative policy.

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[295](cont'd)British export or a raw material used in its manufacture. A Canadian export to the third area will rise if it is a complement ... to the product which is now more abundant domestically in the third area.
7. Changes in international movements of commodities may throw out of kilter the balance of payments with the E.E.C. or third countries. A Canadian export to the troubled area may either increase or decrease as dictated by the mechanism that is working to restore equilibrium in the payments. ...
8. The net effect of all changes in production brought about by the common market will be to raise the 'world price' of some goods and lower that of others. Canadian imports of the latter should rise in relation to those of the former.
9. Imports into Canada may rise or fall, depending on what tends to happen to the Canadian balance of payments amidst all these adjustments."
Richard E. Caves, "Europe's Unification and Canada's Trade," *Canadian Journal of Economics and Political Science* 25:3 (August 1959), p. 252. See also J. Douglas Gibson, "Some Problems of Canadian Trading Policy," in Robert M. Clark (ed.), *Canadian Issues. Essays in Honour of Henry F. Angus* (Toronto: Toronto University Press, 1961), p. 128.

[296]See "Trade Said Essential to Europe," *Globe and Mail*, 18 March 1960.

[297]See Escott Reid, "Our New Atlantic Partnership. Speech at the North American Day of the Hanover Fair," May 6, 1961, S/S 61/6, pp. 3-4.

[298]Lyon, *Policy Question*, p. 104.

[299]"The Rich Man's Club," *Winnipeg Free Press*, 7 December 1961.

To be sure, none of the foregoing addressed any direct threat, grossly harmful or not, to the European Community. After the original excitement had abated, some threats were indeed forthcoming. Mostly they exhausted themselves in ominous growls to the extent that "Canada could not stand idly by and see our goods discriminated against,"[301] sufficiently inspecific and not overly offensive so as to trigger little international consternation. Other recurrent themes, frequently couched in the ultimative style of the St Adele speech, however, included retaliatory trade-redirections by Canada, though their threatening intent was publicly denied. In Mr Fleming's words, he and other Canadian spokesmen had simply "done our duty in warning those countries that if a course were taken which had the effect of closing Canadians out of certain markets, then inevitably Canadians, being enterprising people, would be looking for markets elsewhere."[302]

Putting such a relatively benign face on alleged refusals to cooperate in upcoming GATT rounds should the Six institute a common tariff,[303] or on Mr Hees' punitive tariffs in the face of the proposed CET,[304] proved a difficult feat. Numerous observers were left unconvinced by Mr Fleming's repeated protests, subsequent to his performance at St Adele, to have been misrepresented and quoted out of context. For the Minister then withdrew into the equally unlikely pretext that he had delivered himself of the speech as a shot in the arm for Canada's negotiator in Geneva.[305] The "speech of the Minister of Finance at St Adele on November 17 of last year, seemed ... the kind of speech that is destructive of proper trading relationships with other ... countries with which we are chiefly concerned."[306] That fairly mirrored the Europeans' sentiments, too. Clive Baxter of the authoritative *Financial Post* was told by an unnamed ranking Eurocrat that "you cannot scare us with the sort of threats Mr Fleming used," on the excellent grounds that "much as we like Canada and Canadians," an economic entity counting seventeen million souls just could not spook a market ten times its size into altering its "basic plans."[307] Less precociously, the chief of the External Affairs Directorate's North American division, the affable Dutchman Hugo de Groot amplified: "It seems to us ... that Canada overrates its own importance these days. We want to trade with you, but you must understand that if necessary we can get on without you."[308]

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[300] Cit. in Robert Moon, "Paying Lip Service to Free Trade," Regina *Leader Post*, 29 November 1960.

[301] *Hansard*, 16 December 1960, p. 869.

[302] *Hansard*, 25 April 1961, p. 3979. Such modesty was rather out of character given the blunt language used *vis-a-vis* the UK. A Toronto *Telegram* article entitled "Keep Out Or Else, Fleming Warns United Kingdom," 29 September 1960, noted: "Canadian Finance Minister ... Fleming today warned that any discrimination against Canadian goods resulting from Britain's entry into the European Common Market might be answered in kind." It was cited in Parliament by Mr McMillan, *Hansard*, 3 May 1961, p. 4294.

[303] *Hansard*, 24 April 1961, p. 3944.

[304] *Hansard*, 20 January 1961, p. 1275.

[305] *Hansard*, 25 April 1961, p. 3977.

[306] *Hansard*, 3 May 1961, p. 4297.

The very differential in economic capabilities which separated Canada and the European Community made for the hollow ring of Ottawa's boisterous posturing and should have recommended a more sophisticated strategy designed to garner influence in Brussels' corridors of power consonant with complex interdependence.[309] Irritating trade threats emanating from Canada were taken as exceeding the acceptable shape of regular bargaining counters. Europe was considerably more important to Canada than vice versa. In 1958 and 1961, Canada shipped 8.6 and 8.4 per cent respectively of her total exports to the EC, while on the import side of the ledger 4.7 and 5.5 per cent originated with that source. Meanwhile Canada received only some 1.5 per cent of all Community exports and provided about 2.7 per cent of EC imports over the same time span.[310] Moreover, the composition of Canada–EC trade was also apt to hurt Canada more than the Europeans. Regarding industrial materials, that is, all non-agricultural products exclusive of fuels and secondary products and manufactures, Canada in 1959 sold some $690 million worth to Europe. Placed in perspective, this constituted one eighth of the Canadian total, better than a fifth of all exported industrial materials, and a good 50 per cent of total shipments to the Six. Conversely, this amounted to approximately 2 per cent of total EC imports or

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[307] Cit. in Clive Baxter, "In Europe They Say That Canada Overrates Her Own Importance," *Financial Post*, 10 December 1960.

[308] Ibid.

[309] Naturally, this did not go unnoticed among all Canadian observers. Peyton V. Lyon, in a contribution significantly entitled "We Need Europe More Than It Needs Us," *Maclean's*, 6 May 1961, argued cogently: "It makes a good deal of difference if the Six are sympathetic or unsympathetic to Canadian interests when framing their tariff and agricultural policies. How can we best influence the Six to be considerate? By tough bargaining? Hardly. We can't blast our way into the European market. We need it much more than the Six need access to our market. *We* are obliged, then, to rely largely on European good will, and we cannot expect this unless we demonstrate genuine sympathy with their goals."

[310] Figures rendered in Mahant, "Canada and the European Community," pp. 11 and 13. See also *Hansard*, 28 January 1963, p. 2186.

7 per cent of all imported industrial materials.[311] Canada's picayune trade in finished products warrants little analysis,[312] though this is one area where the Six relatively stood to lose more than Canada, but not enough in actual terms to deal European industry an overly painful, let alone lethal blow. Furthermore, Canada was manoeuvering desperately to shed its "underdeveloped" image rooted in trade dominated by natural staples. Since industrial goods are exchanged overwhelmingly between advanced economies, closure of the world's second largest market could not be in this country's interest, the less so because Canadian manufactures found themselves on the verge of wider international competitiveness.[313]

As for agricultural produce, it accounted for a hefty 17 per cent of Canadian exports in 1960.[314] Between 1959 and 1961, 16 per cent thereof, or roughly $163 million worth per annum, was earmarked for the EEC, where it constituted a 2 per cent drop in the overall agricultural imports bucket.[315] No wonder that farmers as a group leant towards a negative evaluation: 39 per cent regarded UK accession "not a good thing" as contrasted with 32 per cent who maintain the opposite.[316] Worthy of note here is the differential between individual farmers and the Canadian Federation of Agriculture as the institutionalized articulant of farm interests,[317] even if the distribution as such is scarcely one to lend itself to confident affirmation of the indicated trend. It is tempting to attribute the agriculturalists' comparatively elevated awareness to anxiety over the CAP, the more so since a content analysis of press reports revealed an emphasis on the negative implications for Canadian agriculture. Yet this flies in the face of what Mahant tagged the myth about the invincibility of Canadian wheat, still prevalent in the sixties,[318] and the fact that foodstuffs had no monopoly on expected suffering subsequent to the Community's enlargement. It is hard to evade the impression they felt at least ambivalently about the EC, and represented possibly the least enthusiastic Canadians. Specifically, theirs was widespread uncertainty as to whether and how far Britain would be able and willing to safeguard Commonwealth farm interests in Brussels.[319]

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[311] G.L. Reuber, "Western Europe's Demand For Canadian Industrial Materials," *Canadian Journal of Economics and Political Science* 28:1 (February 1962), pp. 16 and 17.
[312] For details see Richard E. Caves, "Europe's Unification and Canada's Trade," *Canadian Journal of Economics and Political Science* 23:5 (August 1959), pp. 256-7.
[313] This opinion is advanced by H. Edward English, "Solution--Cooperation With U.S. to Broaden ECM," *Canadian Commentator* 5 (December 1961), p. 15.
[314] L.R. Rigaux and Sol Sinclair, "Canadian Agriculture and the Common Market: Developments and Trends, 1960-1970," in Peter Stingelin (ed.), *The European Community and the Outsiders* (Don Mills, Ont.: Longman Canada Limited, 1973), p. 63.
[315] See Sol Sinclair, *The Common Agricultural Policy of the EEC and Its Implications for Canada's Exports* (Montreal: Private Planning Association of Canada, 1964), p. 87. By comparison, the US share of EC agricultural imports was 13 per cent.
[316] Gallup, 23 January 1963.
[317] On 5 January 1972, Mr Hannam, the President of the Canadian Federation of Agriculture, opined: "The ... Federation ... has always looked upon the development of the European common market as being ... a policy of statesmanship and wisdom. It has recognized the dangers of the agricultural policies of the six taking a protectionist turn that could jeopardize our markets in some commodities. But it is believed that the only right lies in fully acknowledging the righteousness of the Common Market concept and bending our energies through consultation, agreement and enlightened trade policy on our part, toward turning to our profit the trade potential which should be opened up by an economically united, prosperous and expanding Europe." Cit. by Mr Pearson in *Hansard*, 23 November 1962, p. 1946.

It is noteworthy that Canada's relative importance as an agricultural supplier varied substantially by product. Canadian farmers occupied a commanding position with 31 per cent of the Community's entire wheat imports and more than held their own in several other areas (for instance, 4 per cent of all rapeseed imports),[320] so that an ingredient of European vulnerability was present here. Also, one study indicated a firmly entrenched preference among European millers for the excellent quality of hard, high protein Canadian wheat, rendering demand therefor less elastic than for other grains.[321] To derive from this evidence the impossibility of substitution is quite impossible, nor could the EC have been brought to its knees on other tariff items through a Canadian wheat embargo. Growing prosperity in Europe was expected to partially displace wheat in favour of meat and dairy products. Europe was, however, predicted to remain a net importer of poultry and eggs, allowing Canada to make up for initial losses in these categories.[322] All of the preceding amply corroborates the veracity of Peyton Lyon's thesis that, on balance, Canada needed Europe rather more than Europe did Canada.[323]

Enlargement

Enlargement consumed "a substantial portion of Canada's diplomatic activity" in the appraisal of one authority.[324] A relative though not overly benign neglect reigned until Britain's accession bid, an event variously likened in significance to the repeal in 1846 of the Corn Laws.[325] It possessed all the trappings of a crisis for Canada.[326] For one, Ottawa was caught unawares. During a "dry run" in the summer of 1960, Mr Churchill had no reply to a question regarding British membership moves. Only the following day could the Minister reassure the House in a belated sigh of relief that "it is inconceivable that they will take any action without letting us know what they were contemplating before that action was taken."[327] This remained Ottawa's official position throughout 1960 and 1961. The Assistant Under-Secretary of State for External Affairs dismissed as speculative suggestions of Britain gravitating towards the continent, and may unwittingly have misled his senatorial questioners when he correctly ruled out Canada's waking up to a surprise British accession without prior consultation.[328] Minister Hees declared the UK's "ultimate decision" to be inscrutable.[329] As late as June, the Government acted none the wiser even though the matter had been taken up at "various Commonwealth meetings."[330] Ample warnings in the media and British government circles were brushed aside by Mr Diefenbaker's cabinet. Only days before Prime Minister Macmillan announced his application, High Commissioner Drew advised Ottawa not to pay any attention to the "misinformed" press.[331] Consequently, when Mr Duncan Sandys arrived in Ottawa with the news of imminent negotiations between London and Brussels, one Canadian official dryly summed up his government's mood as "the roof fell in."[332]

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[318] Mahant, "Canada and the European Community," pp. 40–2.
[319] See H.H. Hannam's contribution, "An Agricultural View," in Cunningham (ed.), *Canada, the Commonwealth and the Common Market*, pp. 57–62.
[320] Ibid.
[321] Hughes, *Canada and the European Common Market*, p. 23. See also R.M. Fowler, "A Reply," in Cunnigham (ed.), *Canada*, p. 101.
[322] Sinclair, *Common Agricultural Policy*, p. 38.
[323] See Lyon, *Policy Question*, p 27f. and "We Need Europe More Than It Needs Us," *Maclean's*, 6 May 1961.
[324] Lyon, *Canada in World Affairs*, p. 431.

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[325] Of course, the effect as seen from Canada was the obverse in that the repeal of the Corn Laws was a move in the direction of freer trade whereas Ottawa thought Britain behind the EC's common tariff quite restrictionist. The first mention of the analogy seems to have occurred in an editorial, "One Reason We Think There Should Be An Election This Year," *Maclean's*, 9 September 1961. The theme was picked up by, among others, Arthur J.R. Smith, "Canada and the Challenge of a New Europe," *Business Quarterly* 27:1 (Spring 1962), p. 28 and L. Dana Wilgress, *The Impact of European Integration on Canada* (Montreal: Canadian Trade Committee of the Private Planning Association of Canada, 1962), p. 1.

[326] A standard source defines crisis as "a situation of unanticipated threat to important values and restricted decision time;" Ole R. Holsti, *Crisis Escalation War* (Montreal: McGill-Queen's University Press, 1972), p. 9.

[327] *Hansard*, 2 June 1960, p. 4439 and 3 June 1960, p. 4486.

[328] Canada, Senate, *Proceedings of the Standing Committee on External Affairs*, 8 March 1961, pp. 18-9.

[329] *Hansard*, 3 May 1961, p. 4288.

[330] *Hansard*,8 June 1961, pp. 6018-9.

[331] See Leslie F. Hannon, "What the Common Market Means to Canada," *Maclean's*, 24 February 1962.

[332] Cit. by Bruce Hutchinson, "Our Risky Place in the Grand Design for the Atlantic," *Maclean's*, 16 December 1961. In his reminiscenses, Mr Diefenbaker laconically claims to have received notice of Britain's intention in September 1960. Diefenbaker, *Memoirs II*, p. 168.

Their collective heads evidently stayed buried under the rubble for a while longer. In 1962 Mr Fleming stubbornly insisted on treating Anglo-Community talks as merely exploratory to ascertain possible terms of entry.[333] Yet months earlier Britain's chief negotiator, Mr Edward Heath, had placed his government on record as fully accepting the "aims and objects" of the Treaty of Rome.[334] That this was taken as a matter of course by the Six emerges from Mr Pearson's query directed to Minister Hees regarding a statement by his Belgian analogue "that he was happy to be able to say that the Common Market would study the possibility of arrangements for an enlarged European Common Market which would preserve the objectives of the present community." Mr Hees flatly refused comment.[335]

London's application for EC membership certainly impinged upon values important to the Diefenbaker government. The prospect of losing preferential access to the British market, thus inexorably delivering Canada to the "mercy"[336] of the overwhelming American economy, was politically embarrassing to the Prime Minister, committed to diverting 15 per cent of Canadian trade to the UK. Uncertain though the policy's tangible results proved--the government never rewarded the dogged opposition probes by demonstrating effects--, pressure had been brought to bear on certain manufacturers to redouble their efforts in the British market. This rendered unacceptable even short-term losses compensated for in the US.[337] Hence, Prime Minister Diefenbaker's traumatic reaction sprang from what he took as a crushing and personal affront.

Ottawa retaliated with pro-Commonwealth panegyrics: "Our attitude to the Commonwealth is that this body represents the greatest instrument for peace anywhere in the world," opined Mr Diefenbaker. "It covers all the continents and brings together men and women of all colours and races. It does this effectively. I will deal with further aspersions in this connection when I refer to the common market."[338] This was scarcely a novel line for the Tories. In 1959, Mr Smith eulogized the Commonwealth for all the same reasons which were adduced in vilification of the EC, namely "a group of like-minded nations come together to expand their trade by all practicable means" with the "expansion of Commonwealth trade" as the "immediate objective."[339] The January 1962 Speech from the Throne proclaimed the "strengthening of this association ... a primary objective of my government."[340] This was in tune with a previous pronouncement casting Britain as the "keystone" of a system to which Canada for political as well as economic considerations declared herself fully committed.[341] For John Diefenbaker it was inconceivable that the Commonwealth orchestra's first violinist could also fiddle in the European band. This was unmistakably the gist of a Prime Ministerial harrangue before Toronto's Royal Commonwealth Society:

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[333] *Hansard*, 24 January 1962, p. 148. Similar statements had been made elsewhere practically verbatim, see *Hansard*, 28 September 1961, p. 9057.

[334] "Britain Moves A Step Closer to the Continent," *Globe and Mail*, 11 November 1961.

[335] *Hansard*, 8 March 1962, p. 1597.

[336] This rather crass term was actually used by Conservative politicians such as Mr Smith, MP for Simcoe-North, *Hansard*, 11 October 1962, p. 397.

[337] For details see Lyon, *Canada in World Affairs*, p. 434 and Blair Fraser, "What Britain's Common Market Bid Could Do to Canada," *Maclean's*, 3 November 1962.

[338] *Hansard*, 22 January 1962, p. 64.

> One of the sources of strength peculiar to the Commonwealth is the degree to which it permits its members to make and adhere to allegiances beyond the Commonwealth.
>
> Will this hold true if Britain in the sixties moves progressively into the European Community sketched in the Treaty of Rome? How much of a strain will be placed on the Commonwealth Association if the oldest and central member commits its primary allegiance to Europe and accepts the decisions of European institutions of the future?[342]

Despite often patronizing assertion to the contrary, the Conservative Government thus challenged London's decision and embarked upon its crusade to save the Commonwealth, oblivious to the rare maverick in their ranks such as the then (incredible today) lone PC member of the Alberta Legislature, Ernest Watkins, who heretically declared the Commonwealth a casualty of the fall of Singapore in 1942.[343]

Outdated or not, Ottawa duly reactivated an arsenal of dusty economic arguments, pivoting on the importance of the Commonwealth system of preferences. Mr Fleming, in his notorious St Adele speech, spoke of a "threat" because "any accommodation which the United Kingdom might make with the 'Six'" must invariably "damage to some degree, and perhaps seriously, Canadian interests."[344] While the Canadian Manufacturers' Association (CMA) prognosticated an alarming loss of some 40 per cent of Canada's

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[339] Smith, "Canada's International Economic Relations," S/S 59/15, p. 3.

[340] *Hansard*, 18 January 1962, p. 1.

[341] Mr Fleming, *Hansard*, 20 June 1961, p. 6652.

[342] Draft of the Prime Minister's Talk on the Political Implications of European Unification, at the Royal Commonwealth Society, Toronto, 30 March 1962, cit. in Lyon, *Canada in World Affairs*, pp. 435–6.

[343] Mr Watkins, a former Editor of the London *Economist*, envisaged instead an Atlantic Confederacy with Canada as distinct as the Dutch or Norwegians in Europe. See "UK Entry Into Market Held Vital for Canada," *Globe and Mail*, 29 October 1962.

[344] Cit. in Robert Moon, "Paying Lip Service to Free Trade," *Leader Post* (Regina), 29 November 1960.

$915 million trade with the UK,[345] Trade Minister George Hees' calculus yielded a staggering 76 per cent, or $691 million worth.[346] Of these, Hees estimated $631 million to be "seriously affected," $584 million subject to higher tariffs, and $553 million would be faced with a preference favouring Europe additional to their loss of Commonwealth preferences. The Minister underlined that these figures far from reflected the "full measure of the potential damage" to Canada because the last mentioned unpredictable "reverse preferences"--destined to become a stock phrase in Canadian anti-EC utterances--bade fair to "eliminate" Canada as a trading power in Britain:

> Many manufacturing industries in the European Common Market countries have a higher degree of efficiency, and a great deal of technological skill. They also have lower wage rates than we have in Canada. The result is they produce products of good design and quality at prices usually lower than those at which similar Canadian products can be offered for sale.
>
> The result is that, if our manufacturing industries in Canada are faced with competition on a free trade basis with the industries of western Europe, they will, in most cases, come off second best, with the consequent loss of production and employment.[347]

Besides, as presented in the somewhat convoluted logic of a Quebec Tory MP, the Commonwealth preferences ensconced Canada in a neat and nigh self-contained cocoon of economic relationships:

> There is every indication that if we can go on selling our raw materials in England we will have to continue selling our secondary products in the other countries of the Commonwealth: India, Australia, New Zealand, the new African states. If we were to press London to join the Common Market, we would throw out of key this whole tariff at a time when India and a number of African states, about to enter industrialization, could absorb large quantities of our secondary products.[348]

For some the British application was a blessing in disguise should it serve to reaffirm the Commonwealth bond of "mutual respect for each other," a bond requiring no "Treaty of Rome, to preface it with a political foundation."[349] Economics proved indelibly intertwined with emotional flag waving:

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[345] Ronald T. Sheridan, "Canada and the Common Market--Black and White," *The Canadian Banker* 68 (Autumn 1962), p. 114.

[346] George Hees, "$691 Million at Stake," *Canadian Commentator* 5 (December 1961), p. 3. See also H.I. Macdonald, "Canada, Britain and the Common Market," *Canadian Forum* 41 (November 1961), p. 169.

[347] Hees, "$691 Million."

[348] M. Lafremiere, *Hansard*, 29 June 1961, p. 7280.

[349] *Hansard*, 12 October 1962, p. 454.

> We have Canada coming to the rescue of the United Kingdom in the war and postwar years with $2 billion of help. Canada has supplied the finest wheat in the world to the United Kingdom over the years. Canada buys $2 worth of supplies for every $1 worth the United Kingdom buys in Canada. Ten Canadians visit the United Kingdom for every person who comes to Canada from the United Kingdom. Canada has more than upheld her end in so far as trade is concerned.[350]

Fret though the Conservatives might about perfidious Albion's ingratitude--one commentator traces the parentage of the accession bid to previous treacheries including the Alaska boundary dispute and fisheries questions involving the United States[351]--Mr Reynard's incantations touch the preference system's moot points. Commonwealth preferences had in fact developed noticeably to the UK's disadvantage, aggravated by a deterioration in the political domain,[352] exemplified by the extraordinarily icy communique issued after Mr Sandys' July 1961 mission to Ottawa: "The Canadian Ministers indicated their Government's assessment of the situation was different from that put forward by Mr. Sandys."[353] Without concurring fully that the Commonwealth's longevity has been attributable to the "virtual absence" of any necessity in the past to sacrifice immediate interests,[354] the Diefenbaker government scarcely excelled as a paragon of loyalty.

The Prime Minister's true motivations can perhaps be glimpsed from one MP's glowing description of the Canadian position growing out of "the courage to follow a Canada-first policy." Hence, "our Prime Minister spoke for Canada, in his own great capacity, defending the greatness of Canada's industrial economy,"[355] a stark contradiction to the avowed Commonwealth collectivism. Notwithstanding the unsatisfactory performance of "protective" tariffs,[356] and the avid wooing of Great Britain, Ottawa was not above taking measures debilitating British trade with Canada. Even George Drew's remarkable essay in sophistry before the Lancashire Canadian Club, predicting a marvellous future for Canadian-British commerce, failed to paper over very real problems.[357] Aside from impediments to British textile and automobile imports, legislation granting the responsible minister much leeway in reclassifying for tariff assessment goods which might be produced indigenously,[358] and the currency devaluation shortly after London's removal of quota restrictions on Dollar imports,[359] indicted Canada's distinct double standard. Many viewed this as a natural extension of the rejection by neglect of Britain's free trade offer and brought accusations of Carthaginian faith from influential Britons. The President of the Canadian Association of British Manufacturers, K.D. Morley, reeled off a list of complaints climaxing in charges of Canadian "withering down" preferences enjoyed here by British goods while acting aggressively protective of Commonwealth preferences for Canadian products in Britain.[360] Sir Norman Kipping of the Federation of British Industries observed suavely: "You must forgive the average British businessman ... if he asks why Canadians should be so sensitive about keeping the British market open to Canadian goods when they are proposing legislation that will further curtail British opportunities in the Canadian market."[361]

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[350] Mr Reynard, *Hansard*, 11 October 1962, p. 418.
[351] R.J. Sutherland, "Canada's Long Term Strategic Situation," *International Journal*, 17:3 (Summer 1962), p. 207.
[352] See Smith, "Challenge," pp. 25-6.
[353] Communique cit. by Lyon, *Canada in World Affairs*, p. 447. Lyon comments further: "Observers could not recall another occasion when the two governments had publicized differences between them so explicitly."
[354] This argument is advanced by L. Bailey, "Britain, The Common Market and the Commonwealth--A Canadian View of the Problems, Past and Present," *International Relations* 2:8 (October 1963), p. 523.
[355] *Hansard*, 28 September 1962, p. 26.
[356] Regardless of protectionist legislation *vis-a-vis* woolens (which affected primarily British products), the Commonwealth's largest mill plant located in Canada was forced out of operation. See Mr Regier's intervention in *Hansard*, 5 May 1959, p. 3335.

Nor is there any evidence that economists' assessments of anticipated effects of British EC membership--in so far as they were predictable at all--moderated the government line. William Hughes determined that general reductions under GATT or bilateral intra-Commonwealth settlements apart, Commonwealth preferences by the late 1950s averaged a mere 5 per cent.[362] Moreover, Hughes found more trade (roughly $500 million) not to fall under preferences than qualified (some $400 million).[363] Another study placed at "almost three-quarters" the amount of Canadian materials unaffected by the proposed European tariff, maintaining that some two thirds will be left in "at least as strong a tariff position."[364] GATT rules prevented any common external tariff from exceeding the average tariffs of any regional organization's members' duties prior to forming the community. Britain's new external tariff as a Community partner of some 7.4 per cent would effectively have reduced her average duties before accession (and also kept them noticeably below Canada's own).[365] This should have ameliorated the actual damage to Canadian exports. An Imperial Bank of Commerce commercial letter even reported record increases in Canadian trade with the UK and continental Europe in 1961 with a 12.7 per cent hike in the last quarter for the first favourable trade balance since 1952.[366] One thorough analysis took issue with the prevalent gloomy representation of British EC membership and Canada's economic welfare.[367] Such findings left the Diefenbaker government quite indifferent as it profited from continuing widespread confusion. Leslie F. Hannon placed the number of Canadians conversant with the matter at "possibly as few as six,"[368] and a trick of the economists' trade came to the Conservatives' succour: tariffs are easily tallied up in orderly if selective tables carrying infinitely greater conviction than visionary pie-in-the-sky hypotheses of long-range payoffs.[369]

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[357] See George Drew, "The Best Is Yet To Be, Speech to the Canadian Club of Lancashire, Manchester, England, 23 November 1960," S/S 60/42, passim. One wonders whether it had occurred to the faithful Mr Drew that if all was as well and improving in British-Canadian relations, then his warmly advocated 15 per cent diversion must needs be redundand.

[358] *Hansard*, 25 April 1961, p. 3989.

[359] *Hansard*, 27 January 1960, p. 391 and 23 June 1961, p. 6943.

[360] See "Canada--The Common Market," *The Round Table* 51:204 (September 1961), p. 417.

[361] Cit. by Leslie F. Hannon, "What the Common Market Means to Canada," *Maclean's*, 24 February 1962.

[362] William Hughes, *Canada and the European Common Market. Occasional Paper No. 1, Faculty of Business Administration, University of British Columbia* (Vancouver: University of British Columbia Publications Centre, 1962), p. 13. Table 4 contains a list of Canadian exports to the United Kingdom by value and Commonwealth Preference, 1960, pp. 17-20.

[363] Ibid, p. 16.

For fairness' sake it must be added that Canada's qualms were compounded by uncertainty as to the future of "that group of seven, who", Mr Pearson added wryly, "certainly are not concerned with artistic endeavour."[370] Not unreasonably the British accession bid to the European Communities was expected to start a run on EC membership or association, though precious few Canadian commentators explored the consequences.[371] Like the protagonist in a classical tragedy, the fate of EFTA presented Ottawa with two alternatives, neither more agreeable than the other. Originally the rift between the Six and the Seven, with its divisive potential for the western alliance as much as the western trading system, caused considerable concern in Ottawa. After the project had foundered, Mr Fleming left the impression that a wider and outward-looking European free trade area of thirteen might have been welcomed in Ottawa and had been approved at the Mont Tremblant conference.[372] It is doubtful how much credence this epithaph deserves. EFTA minus Britain in 1960 accounted for a diminutive 2.3 per cent and 1.3 per cent of Canada's exports and imports.[373] But rump-EFTA was dreaded as a dangerous competitor in the EC market for Canadian products.[374] A merger was to have been averted via Mr Diefenbaker's stillborn 15 per cent trade diversion or the counterproposed Canadian-British free trade area.[375] The prospect of a European market of 250 million resultant from a fusion of the EC with EFTA in fact proved a persistent nightmare in Ottawa.[376] Together, the "thirteen" received 28 per cent of total Canadian exports, and 18 per cent of this country's imports originated there in 1960.[377] Of these, the continental Six accounted but for about 8 and 5 per cent respectively. Keeping Britain outside the EEC, therefore, was in no small measure a prophylactic against yet another crushing economic behemoth.

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[364] G.L. Reuber, "Western Europe's Demand for Canadian Industrial Materials," *Canadian Journal of Economics and Political Science* 28:1 (February 1962), p. 24.

[365] See Leslie F. Hannon, "What the Common Market Means to Canada," *Maclean's*, 24 February 1962.

[366] Cit. in *Hansard*, 27 February 1962, p. 1308.

[367] S.F. Kaliski, "Canada, the United Kingdom and the Common Market," *International Journal* 17:1 (Winter 1961-62), p. 17.

[368] Leslie F. Hannon, "What the Common Market Means to Canada," *Maclean's*, 24 February 1962.

[369] On this see Wilgress, *Impact*, p. 25.

[370] *Hansard*, 16 July 1959, p. 6111.

[371] One exception is Wilgress, *Impact*, pp. 7-8.

The Canadian government vociferously vented its disapproval at the Accra and London Commonwealth meetings, making a mockery of previous coy reticence as to the occasions' appropriateness.[378] The tone struck by the Canadians bespoke nothing if not a frantic siege mentality. The Prime Minister called London's adhesion bid "unfair interference with Canada's trading rights in the British market"[379] and expressly forbade Britain to "disturb the economic ties of the Commonwealth."[380] However superficially different the speeches by Messrs. Fleming and Hees in Accra,[381]

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[372] *Hansard*, 25 April 1961, pp. 3978-9.
[373] See H. Edward English, Bruce W. Wilkinson, H.C. Eastman, *Canada in A Wider Economic Community* (Toronto: University of Toronto Press, 1972), p. 23.
[374] See Caves, "Europe's Unification," p. 258.
[375] In this sense Mr Regier's disappointment at London's failure to include Canada in the EFTA scheme was quite misplaced; see his complaint in *Hansard*, 16 March 1959, p. 2002.
[376] See for instance "Will 'Six' and 'Seven' Become One Within Year?" *Financial Post*, 25 March 1961.
[377] G.L. Reuber, "European Trade Blocs and Canada's Export Trade," *Canadian Banker* 68:3 (Winter 1961-62), p. 20.
[378] *Hansard*, 7 September 1961, p. 8059. While Mr Fleming anticipated discussion of the subject, he did not expect it to be "detailed."
[379] Cit. in "Canada--The Common Market," p. 416.
[380] "Diefenbaker Dispells Doubts," *Globe and Mail*, 11 November 1961.
[381] One comparison leads one to the conclusion that the two Canadian ministers were availing themselves of what is colloquially known as the "good-cop bad-cop" technique in that Mr Fleming, though "firm in his opposition" came across as "moderate" in light of Mr Hees' "uncompromising language of an ultimatum." John A. Stevenson, "Ottawa Letter: Parliament Resumes to Discuss Nuclear Arms, Foreign Affairs, Civil Defence, Common

[381] their upshot was identical. Mr Fleming's hour-long melancholy remonstrance, said to have perturbed the British and drawn lengthy applause from other participants, bemoaned the impending end of the Commonwealth. British accession was a "*fait accompli*" as London, which in Mr Fleming's blunt words "consistently overestimated its bargaining power with the Inner Six," gathered speed down the "slippery slope" into the EC.[382] Mr Hees' tirade was more direct and summarized in the *Globe and Mail's* banner headline "Must Pick Commonwealth Or Inner 6, Hees Tells UK."[383] Demanding that Britain stay outside the EEC, Mr Hees reiterated his colleague's arguments that leadership of the Commonwealth was incompatible with the economic straight jacket of Common Market membership. In Parliament, Minister Fleming expanded "that if my colleague and I had not taken that position there ... we would have been failing in our duty to Canadian agriculture, Canadian primary producers and Canadian producers of manufactured goods for the United Kingdom market."[384]

Subsequent to the British presentation in London, which Whitehall confidently believed had "nipped in the bud" any trouble, Mr Diefenbaker "dropped his bombshell" by quoting back to British cabinet ministers their own statements (in 1959) about the incompatibility of Commonwealth preferences and the CET.[385] The implied British untrustworthiness brought hackles up in London, reinforced by what Mr Pearson labelled the "savvy episode" of the Heath memorandum. London had originally forwarded only a precis of Mr Heath's speech in Paris on 10 October 1961, which Ottawa suspected to camouflage a lackadaisical commitment to Commonwealth interests and their protection in any accession agreement. Conservative assertions ballooned until deflated by a publication of the Heath text in its entirety. Even Mr Fleming ought to have been impressed, according to London's *Spectator*, that "far from taking advantage of the darkness of the conference room to sell the Commonwealth down the River, the British Government appears to have stuck up for their interests."[386] The British government, however, was not amused.

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[381] (cont'd)Market," *Canadian Commentator* 5 (October 1961), p. 12.
[382] "Seek Trade Elsewhere, Fleming Says," *Globe and Mail*, 14 September 1961.
[383] *Globe and Mail*, 14 September 1961.
[384] *Hansard*, 28 September 1961, p. 9062.
[385] See Arthur Lowe, "The Critical Conference: The PMs Agree to Disagree," *Saturday Night* (October 1962), pp. 10-11.
[386] For details on the episode and the full *Spectator* citation consult *Hansard*, 22 January 1962, pp. 47-8.

Such ploys, admirably suited to the cruder domestic electoral jousting, backfired badly internationally. Far from isolated in her position, Canada's stance was frequently endorsed by Australia, Ceylon, and India who, one British official remarked, were "out for blood."[387] It was, after all, Menzies of Australia, not Canada's Diefenbaker, who interjected the singularly unhappy historical analogy of British requests for Commonwealth approval of her EC application to a "blank cheque."[388] Nevertheless, there is substance to Lyon's interpretation according to which Canada acted as a ringleader whose vehemence emboldened the others to turn more vocal.[389] Hiding behind colourful Canadian antics, they managed to appear, in public at least, tempered. They did prove more reasonable in accepting a British invitation to despatch observers to the Brussels negotiations; Canada abstained lest this be construed as tacit endorsement of the talks' object.[390] The skilled British thus easily and credibly manoeuvered Canada into the unenviable role as the piece's villain, facilitated by Prime Minister Diefenbaker's own inept handling of even the Canadian correspondents.[391] Unflattering epithets, such as "juvenile delinquent" or "rude country cousin who spoiled the family picnic,"[392] abounded. Only some Beaverbrook papers championed Canada's stout Commonwealth cause; just the sort of allies which make enemies unecessary. Mr Diefenbaker's insistent *ceterum censeo*, occasionally going so far as to trace the legitimacy of his London stand to Sir John A. MacDonald and the very Valhalla of Canada's Conservative party,[393] fairly spiked the guns of later Canadian defensive moves. Mr Fleming's protestations that in spite of the allegations of some "mischievous people in the country" the Canadian government had "never made things difficult for the British" came through with gratuitous irony.[394] Consequently, Canada's image in Britain deteriorated.[395]

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[387] "Must Pick Commonwealth or Inner 6, Hees Tells UK," *Globe and Mail*, 14 September 1961.

[388] Cit. by Lowe, "Critical Conference," p. 11.

[389] Lyon, *Canada in World Affairs*, p. 467.

[390] See "A Voice in Isolation," *Winnipeg Free Press*, 27 October 1961.

[391] For details consult "The Propaganda Game at the PMs' Conference," *Globe and Mail*, 20 September 1962, and "Commonwealth Meeting Releases Called Attempt to Blacken Diefenbaker," ibid, 21 September 1962.

[392] Cit. by Blair Fraser, "Canada's Role at the PMs' Meeting: Juvenile Delinquent," *Maclean's*, 20 October 1962.

[393] See the Prime Minister's statement in the House, *Hansard*, 2 October 1962, p. 111.

[394] Fleming, "Canada's Trade in a Changing World," S/S 62/5, pp. 1-2.

[395] One Canadian correspondent reports a British railway man's comment on Canada's economic difficulties as "Serves you bloody well right." Hannon lists other reasons, among them a low return on British investments in Canada and a belief there that Canada wants to "buy in the American market and sell in the British." Leslie F. Hannon, "Why Even

[395] nothwithstanding a strong and growing anti-marketeer groundswell which Ottawa might have enlisted as a political fifth column inside the British camp.

The foregoing impinges upon the subject under consideration by what could be termed an insulator effect. Though in some other areas, where cooperation presumably remained of the essence (i.e. disarmament), Anglo-Canadian communications were maintained,[396] but they ground to a "dead halt" regarding the accession negotiations. High Commissioner Drew's "angry one man campaign to save the Commonwealth"[397] annoyed London while Ottawa smarted from an understandable British reluctance to hand the Canadians information only to have it turned against its source. Relentlessly badgered in the Commons by Mr Berger, Prime Minister Diefenbaker insisted on the existence of communications lines between Ottawa and London keeping Canadians abreast of the Brussels deliberations.[398] Eventually, he had to reveal embarrassingly that "from time to time there is made available to the Canadian government a resume ...."[399] Reverting to the argot of complex interdependence, the episode buffetted the transnationalism, but particularly the transgovernmentalism, prevalent between the UK and Canada.[400] Charitable British disclaimers such as Reginald Maudling's, President of the British Board of Trade, that Accra featured "the best discussion we ever had,"[401] behind which Canadian spokesmen repeatedly sought refuge, dissimulated only imperfectly the widening rift. Such a communications backlash, needless to say, was doubly counterproductive. Had Great Britain joined the EC in 1963, as was confidently expected in most quarters until late 1962, then a resentful Whitehall could scarcely have been expected eagerly to take up cudgels for Canada. As it were, it left the British unamenable to Ottawa's tactics implementing the strategic design of keeping the UK outside the EC.

Contrary to earlier ululations about the great complexity of Canadian interests in

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[395](cont'd)the Tolerant British Don't Like Us Anymore," *Maclean's*, 6 January 1962.
[396] See Lyon, *Canada in World Affairs*, p. 453n.
[397] "A Voice in Isolation," *Winnipeg Free Press*, 27 October 1961.
[398] *Hansard*, 11 October 1962, p. 379.
[399] *Hansard*, 19 November 1962, p. 1760.
[400] As defined earlier, transnationalism refers to interactions across borders in which at least one actor is non-governmental, while transgovernmentalism designates direct interactions between agencies of different governments which act comparatively autonomously from governmental control.
[401] Cit. in *Hansard*, 28 September 1961, p. 9056.

Europe compared to "any other Commonwealth Member,"[402] Ottawa now had arrived at the seemingly contradictory position that many other Commonwealth countries "would be more adversely affected in their trade than Canada, especially New Zealand, Australia, Ghana and Nigeria. Incidentally, India has based its next five-year plan on the present trade arrangements with the United Kingdom ...."[403] Albeit confirming British suspicions of Canada as the anti-accession ringleader, luncheon meetings such as the one arranged on 7 September by Mr Diefenbaker upon his arrival in London with his opposite numbers from New Zealand and Australia[404] undoubtedly reinforced his expectation that their support would be forthcoming. It is in this light that Canada's incessant calls for further Commonwealth consultation, apparently at odds with her refusal to cooperate more closely on the Brussels talks themselves, must be viewed. No less inconsistent was the Diefenbaker government's haughty claims that Canada "never questioned Britain's right to make its own decision,"[405] amplified by Mr Fleming's unblushing protestations that Canada neither attempted to make things difficult for Britain, nor even to influence her decision on entry,[406] through vocal insistence on "full consultation. Consultation is more than the reporting of what has been done."[407] Contradictions constituted the stock-in-trade of Prime Minister Diefenbaker's EC policy such as it was.

London was agreeable in principle that a momentous step like accession to the EC warranted a Commonwealth prime ministers' conference. Differences arose over the timing. Ottawa had been clamouring for a consultative gathering prior to the opening of UK-EC negotiations but had to make do with Mr Sandys' visit as an *ersatz* bilateral meeting at the ministerial level.[408] Messrs Heath and Sandys both undertook further tours of Commonwealth capitals after crucial phases in the negotiations; none received enthusiastic welcomes in Ottawa. Mr Sandys' original itinerary had to be changed to take in Canada after New Zealand and Australia, rather than vice versa, because the visit at the originally scheduled date "became inconvenient" according to the Prime Minister who never specified for whom.[409] Conceivably the British despatched these missions at least partially to ward off the obstreperous Canadians. The Opposition here sniped that one Heath sojourn was forestalling an unbidden journey to London by Mr Diefenbaker.[410] Ottawa shrugged them off as preliminaries,[411] merely delaying the climacteric prime ministers' conference.

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[402] Donald E. Fleming, "Concern Over Britain and the Six," *Times* (London), 21 November 1960, Special Supplement on Canada.

[403] Mr Morton reached this conclusion upon his return from the seventh Commonwealth Parliamentary Conference in London, *Hansard*, 22 February 1962, p. 1137.

[404] Canadian Institute of International Affairs, *Monthly Report on Canadian External Relations* (hereafter cited CIIA *Monthly Report*) 1:9 (September 1962), p. 84.

[405] Diefenbaker, "Canada and the European Common Market," S/S 62/3, p. 3.

[406] Fleming, "Canada's Trade in a Changing World," S/S 62/5, p. 2 and *Hansard*, 17 April 1962, p. 3075.

[407] *Hansard*, 22 January 1962, p. 70.

[408] See *Hansard*, 13 June 1961, pp. 6244-6. Australia, New Zealand, and India also didn't favour a PMs' conference at that time, though for the optimistic Mr Diefenbaker this was "a long way from repudiation."

Whitehall indeed procrastinated, pronouncing such a meeting conditional on "general demand."[412] When it convened on 10 September 1962, Mr Diefenbaker's mercurial performance sparked a fracas but he then let it fizzle into a "dismal and inconclusive ending" according to a *Globe and Mail* story.[413] Rather than expressly calling for another conference before Mr Macmillan sought parliamentary blessing for his terms of entry to the EC, Mr Diefenbaker toned down to *expecting* it. The semantic ramifications did not escape one Canadian editorialist:

> This may prove to be an unfortunate change of position. In the view of this newspaper, it would have been wise for this Commonwealth Conference to have announced that it *intended* to meet again when the Brussels agreements were completed. This would have served two valuable purposes.
>
> It would have strengthened Britain's bargaining hand when the Brussels negotiations resume at ministerial level next month by reminding the European Six of the difficulties which Britain faces with the Commonwealth and the necessity, if the Common Market wants Britain as a member, of offering reasonable protection of Commonwealth trade. ...
>
> The other purpose to have been served by planning another conference of prime ministers would have been to restrain domestic political opposition in several Commonwealth countries. Labour Leader Hugh Gaitskell in Britain and Liberal Leader Lester Pearson in Canada, to take only two examples, may now be expected to harry their governments constantly for information about the progress of Commonwealth consultations.[414]

Much of the wind was subsequently taken out of Canadian sails. While Mr Diefenbaker's histrionics manifestly harried the British government, his original intention miscarried. If anything, British hands were freed with few Commonwealth and no Canadian misgivings allayed.[415]

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[409] *Hansard*, 19 June 1961, p. 6534. A London *Times* article cited by Lester B. Pearson attributed it to "the internal political commitments of the Canadian ministers."
[410] *Hansard*, 27 March 1962, pp. 2201-2.
[411] For instance *Hansard*, 12 July 1961, pp. 7439-40.
[412] See *Hansard*, 7 February 1962, p. 632. Mr Diefenbaker thereupon denied any intention of a formal request until "it is appropriate for us," taking the Canadian attitude to be known even without a conference at that juncture.
[413] "A Dismal and Inconclusive Ending," *Globe and Mail*, 21 September 1962.
[414] Ibid. Emphasis added.

Canada beseeched the United Kingdom to assume stewardship of Commonwealth trading privileges, reaffirmed at the 26 September 1958 Commonwealth Trade and Economic Conference in Montreal,[416] by entrenching them in the accession agreement. Certain conciliatory noises from London were immediately billed in Ottawa as "firm assurances" to "fully" protect Canadian interests.[417] By mid-1962 Edward Heath and Duncan Sandys reiterated their determination to champion the Commonwealth cause in Brussels.[418] Here Canada obliged by feeding Mr Heath and his team "full and complete information" as well as by positioning "a group of senior and qualified officials on the spot for this purpose and ... reinforce the officials who are already in Britain and London."[419] Far from anomalous to habitually declinatory behaviour on British accession this move bolstered a policy dominated by the protection of Canadian trade patterns by keeping the UK excluded from the EC and married to the Commonwealth. Much if not most at issue here pivoted on Comonwealth agrarian produce. At least one Conservative MP astutely singled out Britain's low food prices (though in conjunction with the less perceptive indispensable membership in the Commonwealth as the world's largest preferential trading association) as a prime impediment to British entry into the EC.[420] Predicated as Britain's low food costs were on subsidies incompatible with the embryonic CAP, they ultimately disbarred from the EC a UK reliant on agricultural imports from temperate Commonwealth countries.[421] This represents a rare convergence of Canadian and British interests.

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[415] This emerges from the final communique, see *Globe and Mail*, 20 September 1962.

[416] See Tim Creary, "All or Nothing (and Nobody Else)," *Canadian Commentator* 5 (December 1961), p. 4.

[417] See *Hansard*, 17 June 1958, p. 1238.

[418] See Leslie F. Hannon, "What the Common Market Means to Canada," *Maclean's*, 24 February 1962 and "Heath Speech Indicates UK Government's Confidence Mounting on Entry into Common Market," *Globe and Mail*, 7 June 1962.

[419] *Hansard*, 23 January 1962, p. 97. The group included the Assistant Deputy Minister of Trade and Commerce for Trade Policy and assorted heads of department from the international trade branch. See also the communique about discussions between Messrs. Hees and Heath on the subject, *Hansard*, 24 January 1962, p. 171, Appendix A.

[420] Mr Kucherepa, *Hansard*, 25 April 1961, p. 3967. On the role of agriculture as a stumbling bloc to UK accession see also "Agriculture and Europe," *The Economist*, 30 July 1960.

[421] In then Commission President Walter Hallstein's assessment, all other problems relative to Commonwealth imports had "essentially" been overcome. See his *Die Europaeische Gemeinschaft* (5th ed.) (Duesseldorf: Econ Verlag, 1979), p. 356.

On the whole, the British position was significantly more flexible than the Canadian. The UK's international priorities probably had not been rearranged as dramatically as a British Conservative MP insinuated when reciting them as "Europe, the United States, and the Commonwealth, in that order."[422] Yet even New Zealand-born Mr Sandys, who had threatened with his resignation should the Commonwealth be sold short in Brussels,[423] remarked on the need to adjust the preferences to novel conditions.[424] It was incumbent upon Britain not to neglect the Commonwealth's *vital* interests, a rather more versatile concept far removed from the hard and fast pledge to underwrite the *status quo* which Diefenbaker somehow managed to read into even the milquetoast final communique issued after the 1962 prime ministers' meeting.[425] Commission negotiants, hampered by an antagonistic de Gaulle ready for any opportunity to slam the European door in Britain's face, enjoyed little elbowroom. Britain, M Monnet admonished, "must not expect any special privileges by reason of her commercial ties with the Commonwealth."[426] Their optimal offer allowed for a three-tiered elimination of Commonwealth preferences: 30 per cent at accession, a further 30 per cent by 1967, the residual 40 per cent to be slashed in January of 1970. Unfortunately, this product of intensive ministerial-level haggling extended only to the CET and bracketed out agriculture.[427] Whatever special consideration might be granted the Commonwealth connection, moreover, must be temporary so as not to prejudice future bargains under GATT aegis. As for Canada's specific claims, the Commission insisted strictly on *quid pro quo* arrangements. In their unflattering assessment of Canadian trade diplomacy (easily corroborated by a perusal of Canada-UK commerce) the Commission was wary of hefty GATT action above and beyond special concessions extracted by proxy through British diplomacy.[428]

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[422] Cit. in Smith, "Canada and the Challenge," p. 25.

[423] See Leslie C. Hannon, "What the Common Market Means to Canada," *Maclean's*, 24 February 1962. On the Changing British Assessment of the Commonwealth see also Donald Gordon, "Britain Embraces Europe," *Canadian Commentator* 6 (March 1962), pp. 19-20.

[424] Cit. by Mr Pearson in *Hansard*, 23 November 1962, p. 1946.

[425] On this last point see Anthony Westell, "PMs' Talks End With No New Curbs on UK," *Globe and Mail*, 20 September 1962.

[426] Cit. in *Hansard*, 11 October 1962, p. 438.

[427] "3-stage Elimination Plan for Preferences," *Globe and Mail*, 30 May 1962.

[428] See "Fast Decision Needed by Common Market on Progress Problem,"*Globe and Mail*, 13 November 1961 and especially "ECM Fears Canada Will Ask for Extra Tariff Concessions," ibid,23 November 1962.

In so far as agricultural matters contributed to the failure of Britain's first accession bid, then, Mr Diefenbaker could grandiloquently gloat over loyal London's stout refusal to sacrifice Commonwealth interests. His corollary, that "the members of the Commonwealth should be profoundly grateful,"[429] is open to serious question. A destitute Prime Minister Macmillan quickly shattered all illusions about a reversion to any Commonwealth idyll:

> Of course, if it had been possible to create a Common Market with all these characteristics, a common tariff and all the rest, inside the Commonwealth, why we should have done so years ago. It would have been very attractive to us because of all the reasons of history and sentiment. But for technical and other reasons it is not possible in that shape, and so there is no alternative in that sense what I call easy, readymade.[430]

Britain was unlikely to regard the breakdown of talks in 1963 as definitive. The "Europeanization" of Britain's economy, analysed by the Secretary Treasurer of the Private Planning Association of Canada,[431] was symptomatic of the UK's ongoing integration with its most logical economic partners. Such integration was imperative for the very survival of Britain's ailing economy, a *sine qua non* also for the Commonwealth's persistence.

Given the inevitable re-application, a weaker UK could hardly be relied upon as a more effective advocate of Commonwealth concerns. Nor did the 1962-63 debacle engender much incentive. Mr Diefenbaker's pyrrhic victory left London in no condition to contribute determining input into the EC's nestling common policies and tariffs so odious to Commonwealth capitals.[432] Without subscribing to J.M. Minnifie's cynical interpretation that "United Kingdom statesmen are on the move selling to doubting Commonwealth members the notion that it would be better to deal even over high tariff barriers with a

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[429] "Be Grateful to UK For Market Stand, Diefenbaker Advises," *Globe and Mail*, 31 January 1963; see also the parliamentary debate on the subject, *Hansard*, 29 January 1963, pp. 3206-9.

[430] Cit. in "Commonwealth and Common Market," *Globe and Mail*, 1 February 1963. See also an earlier article on the same theme, "Macmillan Assails France, Asks Commonwealth Talks," ibid, 31 January 1963.

[431] Smith, "Canada and the Challenge," p. 26.

[432] These arguments, tangential here, are developed among others by Hughes, *Canada and the European Common Market*, p. 74, and Bailey, "Britain, The Common Market, and The Comonwealth," pp. 505 and 510-11. Note that the British High Commissioner in Ottawa, Lord Amory, tried to sell British EC membership to his distinguished Canadian audience by pointing out how Britain cannot afford and therefore would not allow the EC to become inward-looking, "Viscount Amory Presents Britain's Views on EEC," *Industrial Canada* 62 (December 1961), p. 38.

Britain flourishing in the Common Market than with an excluded nation in slow decline,"[433] the most persuasive critiques of Mr Diefenbaker's anti-EC posturing underscore the lost opportunities to adjust the Commonwealth organization to the new international trading situation still at a formative stage. In this view the Commonwealth was not inherently incompatible with British EC membership, the less so since the Commonwealth had presumably metamorphosed into an "association of equal and independent members," making anachronistic any reversion to quasi-imperial leadership.[434]

Bilateralism and Multilateralism

Canada indubitably had plummeted in the EC Commission's diplomatic credit rating thanks to its stubborn opposition to London's membership gambit. Commonwealth participation in the deliberations was not without proponents in Europe and encouraged as vital in Canada's case.[435] Albeit never ruled out categorically,[436] Ottawa for reasons suggested above refused to avail itself of this most direct lever. By the late 1950s Canada could rely on a pool of good will in western Europe spoiled only by a condescending notion of this country as a well-to-do source of raw materials and recipient of immigrants which, bracketing out the aftertaste left by "the occasional weird collection of boors and roughnecks who come over as a Canadian hockey team," was about as unexcitingly sympathetic as a Scandinavian country.[437] Canada had nothing to fear from the Community since primary products would not fall subject to duties.[438] Also, many a devoted European integrationist concurred with Kurt Birrenbach, a member of the European Assembly, that OEEC would contribute to dismantling dollar discrimination, merge the Six with the Seven and, thanks to Canadian and US participation then under review, unite the whole prosperous North Atlantic commercial family.[439]

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[433] J.M. Minnifie, "Canada's Choice," *Canadian Commentator* 5 (July–August 1961), p. 15.
[434] On this consult for instance H.I. Macdonald, "We Can Reconstruct the Commonwealth," *Canadian Commentator* 6 (October 1962), p. 16, Lyon, *Policy Question*, pp. 76–7, and Mr Pearson in *Hansard*, 23 November 1962, p. 1945.
[435] See E.H. van der Beugel, "Recent European Developments and Their Impact on Europe's Relations with North America," *Industrial Canada* 62 (July 1961), p. 78.
[436] See *Hansard*, 13 February 1962, p. 803, 15 February 1962, pp. 880–1, 14 December 1962, p. 2660.
[437] Canada's image in Europe was explored by John Gellner, "Canada in the European Press," *Saturday Night*, 14 April 1962, p. 12.
[438] This a Canadian journalist was told in 1959, cit. by Mahant, "Canada, the European Community," pp 17–8.
[439] "ECM Trade: The Six Want Canada," *Financial Post*, 12 December 1959.

Idealism aside, such utterances were most remarkable for the absence of any indication that even informed circles in Europe were attuned to the acute concerns of Canadian industry, though some European manufacturers evidently understood and tried to tap the derivative economic patriotism. Hence, a well-know German auto manufacturer stressed not only their Canadian production of spare parts but entreated readers in a final paragraph of a very slick advertisement how "by buying Volkswagens, Canadians make it possible for West Germany--one of Canada's best customers--to buy more Canadian goods. It is this exchange of goods on which the economy of the free world depends."[440] Eurocrats, unneedful of beguiling the Canadian consumer and found poorly informed by Canadian correspondents,[441] displayed irritation at Canada's obnoxious habit of "squealing before it was hurt."[442] The more objective among them deplored the lack of Canadian effectiveness in dealing with the EC Commission and recommended to one interviewer top level contacts including visits by cabinet ministers.[443] When the extent of Canada's recession finally percolated through by late 1961 and early 1962, Canada's standing with the EC had arrived at its nadir as the nonplussed Eurocrats resentfully removed Ottawa's monkeywrenches from the accession machinery. Lacking sympathy of Canadian trade plights unquestionably blended with incomprehension of this country's emotive attachment to an anachronisic remnant of international economic relations before the principle of universal non-discrimination.[444] This amounted to bucking the tide of history: Europe, struggling to overcome the bane of petty nationalism, was growing together whereas the Commonwealth tottered centrifugally in the opposite direction, becoming ever more prolix and heterogeneous. Reluctantly, Commission officials came to treat Canada as a renegade.

In this development, Ottawa was far from blameless, and not just because of wailing over Canadian manufacturers' uncompetitiveness *vis-a-vis* "low wage" European producers.[445] None too specific about the definition of the Commonwealth's "vital interests" and notably uncommunicative towards Brussels, Canada simply failed to put her point across. Almost jealously one correspondent compared Canada to tiny New Zealand on this count, the example habitually ejaculated by Community officials queried about the safeguarding of Commonwealth interests.[446] Despite Canada's early diplomatic recognition of and accreditation with the European Communities, the contacts were not properly cultivated. There was little if any empathy among Canada's politicians for the Eurocrats' anxious groping for international legitimization and recognition of the EC's standing as a distinct international actor. Had Canada played on these sentiments, a recent study hypothesized convincingly, she would have found herself "assured the support of at least the Community's own employees."[447] To apply Sir Winston's dictum, Canada, having conferred the compliment on the EC, fell short of diplomacy's true purpose, namely securing a convenience.

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[440] This and other similar ads appeared in numerous Canadian periodicals; for this instance see *Maclean's*, 7 January 1961.

[441] See for examples Gellner, "Canada in the European Press," p. 11, Smith, "Challenge," p. 28, and Peyton V. Lyon, "Canada in Europe's Eyes," *Canadian Commentator*, 5 (December 1961), pp. 11, 21.

[442] Leslie F. Hannon, "What the Common Market Means to Canada," *Maclean's*, 24 February 1962.

[443] Lyon, "Canada in Europe's Eyes," p. 21.

[444] This theme appears in Lyon, "Canada in Europe's Eyes," p. 11, as well as in "How Europeans See Commonwealth," *Financial Post*, 3 February 1962.

Ottawa pursued instead a policy of dealing with individual Member States abutting in an amateurish effort at playing them off, if not against each other, certainly against the EEC in what Peter C. Newman labelled "our Horse Trading Strategy:" "The plan is to auction off these preferential rates to countries where we can gain compensating advantages. We might, for example, agree to allow German, French and Italian cars in free, if these countries reconsider the thirty [sic] per cent tariff the EEC is planning to slap on our wheat."[448] This crude divide and rule scheme was stymied from the outset by at least two factors. First, Canada's bilateral relations with the Member States were far too innocuous to impact distinctively on Canada-EC relations.[449] The channel promising some influence, namely Anglo-Canadian relations, Ottawa itself was busily plugging. Secondly, this plan was so entirely at loggerheads with the most basic precepts of any common market as to be conceived either by an excessively cynical assessment of the

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[445] See for instance H. Edward English, "Solution--Cooperation With US to Broaden E.C.M.," *Canadian Commentator* 5 (December 1961), p. 16.

[446] One example is Leslie F. Hannon, "What the Common Market Means to Canada," *Maclean's*, 24 February 1962, another Blair Fraser, "What Britain's Common Market Bid Could Do to Canada," ibid, 3 November 1962. Canadian correspondents failed, however, to remark on the extent, comparable to Canada and the US, to which New Zealand was economically intertwined with the Great Britain.

[447] Mahant, "Canada and the European Community," p. 74.

[448] Peter C. Newman, "What We'll Have to Give Up To Trade With Europe," *Maclean's*, 7 April 1962.

[449] See on this Mahant, "Canada and the European Community," pp. 18-9.

EC's chances for survival or, more credibly, abject ignorance of its workings. Nonetheless, it helps explain Canada's reluctance to treat the EC as an entity.

Furthermore, far from acting as transgovernmental channels intensifying or supplementing Canada-EC relations proper, interactions with some Member States carried the contrary effect of stiffening Ottawa's opposition to British membership. President de Gaulle, on different grounds to be sure, vehemently resisted the enlargement himself. He shrewdly used Mr Diefenbaker to sabotage circuitously UK accession. This analysis encompasses the most convincing justification for the General's making Canada's Prime Minister privy to his intention of vetoing the British application, at a time when adhesion was still given a fighting chance by other participants in the process. Gleefully, Mr Diefenbaker recounts:

> As I recall our conversation on Britain and the Common Market, he said he didn't know why I was so concerned about Britain's entry because they were not going to get in. They will not get in, "Ils ne passeront pas," he said. I asked him to repeat that statement, and he did. I recall saying, "The way you speak is reminiscent of General Petain at Verdun." He replied, "It's just as certain." I suggested that I let Prime Minister Macmillan know. He demurred. I said, "I can't do otherwise." After a short discussion, he said that if I felt that strongly, he would agree. I so advised Macmillan, whose attitude was that I must have misunderstood the General. If I may anticipate my discussion of the Commonwealth Prime Ministers' conference of September 1962, when I suggested that Britain was not going to gain entry into the Common Market, despite the apparent success of her negotiations at Brussels, it was obvious that my fellow Prime Ministers thought there was something wrong with me. Four months later de Gaulle said, "No."[450]

At an 1963 election rally in Simcoe (Ont.) Mr Diefenbaker boasted that the General had intimated his firm objection to British accession already during his 1961 Ottawa sojourn. Ottawa hastened to communicate it to a no doubt equally incredulous Macmillan.[451]

Notwithstanding Ottawa's penchant for orthodox diplomatic bilateralism *vis-a-vis* Europe, peppered with the occasional summit meeting, the central *locus* of Canadian activity proved the petrified mammoth conference dominating post-World War II international economic relations, the GATT and the consultative OEEC/OECD. To a lesser extent NATO entered the scene through its "Canadian Article". Undeniably contributory to transgovernmentalism in the long run, both GATT and OEEC by 1960 represented formalized modes of predominantly diplomatic intercourse whose principal distinction from conventional international conferences was embodied in secretariats staffed permanently by international civil servants. Consequently, Canadian references to these organizations as "multilateralism" described but a logical extension of the aforementioned horse trading strategy. They were clearly regarded thusly by the Diefenbaker government. It goes without saying that, strictly speaking, any compensatory claims springing from net disadvantages which accrued to one GATT member from the tariff policies of others must be staked pursuant to Article 24 of the founding agreement. GATT was the obvious arena for Canada's overtures, although at least one observer warned against carrying the legalistic formula too far at the expense of coping with the real issues.[452]

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[450] Diefenbaker, *Memoirs II*, p. 76.

[451] CIIA, *Monthly Reports* 2:4 (April 1963), p. 43. Secondary corroboration can be gained from Preston, *Canada in World Affairs*, p. 213.

This is not to detract from the transgovernmental potential for Canada and the EC endemic especially to the OECD, transmuted from the obsolescent OEEC on 30 September 1961. Here the Community was represented as a unit together with the Member States individually, a distinction not acquired in GATT until the famed "Kennedy Round." Full US and Canadian participation in OECD--both were only associated with OEEC[453]--enhanced opportunities for Canadian input into what has been termed the "greatest aggregation of economic strength that the world had yet seen."[454] In introducing Parliament to the reconstituted and overhauled OECD, Mr Fleming enthusiastically laid out sweeping vistas of transgovernmentalism and transnationalism.[455] To the Diefenbaker government, however, these remained wholly incidental to the OECD's utility as a tool advancing Canadian trade policies towards single European states. Minister Fleming reiterated the need for "the industrial countries of western Europe and North America ... to continue and improve their method of consultation about the economic policies of

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[452] See Forrest L. Rogers, "The Common Market--Its Meaning for Canadian Trade," *Canadian.Chartered Accountant* 79:3 (September 1961), p. 252.

[453] See Mr Ritchie's statement in Senate, *Proceedings of the Standing Committee on External Relations*, 8 March 1961, pp. 11-3, J.M. Minnifie, "Washington Newsletter," *Business Quarterly* 25:1 (Spring 1961), p. 8, and Mr Diefenbaker in *Hansard*, 16 May 1960, p. 3902 as well as 19 July 1960, p. 6482; Mr Fleming, 31 March 1960, p. 2674 for background to the formation of the OECD.

[454] Preston, *Canada in World Affairs*, p. 212.

[455] See *Hansard*, 28 February 1961, p. 2497. Acording to the Minister, "... there will be a series of committees to handle work in specific fields. There will be an agriculture committee, whose work we hope will be closely integrated with that of other bodies within the organization, to consider agricultural problems and policies pertinent to the organization's objectives. A similar committee will be established to deal with fisheries problems. Their task will be to stimulate member countries to increase and use more efficiently their scientific manpower and their training and research facilililities. The organization is expected to fulfill this role by acting as a clearing house for information and experience by means of consultation, conferences and fellowships." The Minister then went into nuclear facets. It is evident that such activities would promote interactions qualifying as transgovernmental as well as, by bringing in scientific experts for instance, transnational.

individual countries as they may affect others."[456] He believed the OECD a "useful forum" to that end.

OECD performed this part as a complement to and at times compensator for Canadian performance in GATT, an approach originating with the predecessor organization. The 13 January 1960 OEEC meeting had struck a committee to study EC problems, empowered to "establish one or more informal working groups," constituted of twenty governments plus the EEC.[457] Participation by the GATT's Executive Secretary was solicited, though the committee was expressly forbidden any forays "infringing upon the competence of ... existing international institutions such as the GATT or the OECD...."[458] As a NATO veteran wisened to similar procrastination by committee, this approach must have looked singularly unsatisfactory to Canada. Not surprisingly, the OECD which Canada had helped to midwife, immediately received full marks on this count. Involuntarily Mr Pearson paid OECD what to Ministers Fleming and Hees' ears must have sounded like the ultimate tribute to their handiwork when he decried missed opportunities towards his cherished North Atlantic Community. "On the contrary," groaned Mr Pearson, "the core of the new body's activity will be consultation and discussion of general economic policies within the framework of GATT and the international monetary fund [sic]."[459] Of course this was precisely what brought the new organization in line with government policy. Before the Senate Committee on External Relations, Assistant Under-Secretary for External Affairs Ritchie, ever the faithful voice of his political superiors, discouraged any speculations imputing OECD parentage for a North Atlantic customs union,[460] though some persisted in optimistically touting OECD as the first "organizational expression" of closer North Atlantic relations.[461] There is no dearth of quotes from Conservative and Liberal speakers looking to the OECD to slash through the Gordian knots which had proven too difficile for GATT, such as reciprocal tariff reductions.[462] OECD was also a far smaller group[463] composed of just the right membership to provide a cozier and considerably more congenial environment to voice Canadian concerns. This much reduced the danger of their drowning under GATT's caçophony of thirty-five[464] other plaintiffs disquietened by prospective CET and CAP effects.

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[456] *Hansard*, 15 March 1961, pp. 3029-30. Emphasis added. Minister Fleming was recapitulating the conclusions of the sixth meeting of the Canada-US joint committee.
[457] For the text see Appendix, *Hansard*, 18 January 1960, p. 76.
[458] Ibid.
[459] *Hansard*, 28 February 1961, p. 2513.
[460] Senate, *Proceedings of the Standing Committee on External Relations*, 8 March 1961, pp. 17-8. See also Donald E. Fleming, "Organization for Economic Co-Operation and Development. A Statement to the House of Commons, 16 December 1960," S/S 61/1.
[461] Among them was Walter Hallstein, *Europaeische Gemeinschaft*, p. 18.
[462] For instance *Hansard*, 28 February 1961, p.2511.

Still, the emphasis lay on GATT, possibly through sheer force of habit. The Conservative administration picked up on a Liberal policy of scouting EC developments through GATT and expected to avert disastrous ramifications on Canada by fully exhausting this facility.[465] Most notable for the present purposes, however, are the objects of Canada's efforts. Certainly, the government proudly pointed to consultations with the US, Australia, New Zealand, and the Community as "an important example of our initiative."[466] These and other contacts with EC representatives,[467] including the visit to Canada of the three Commission presidents,[468] never transcended the formal niceties of diplomatic intercourse. Time and again Canadian spokesmen spotlighted the membership of the "six countries of the Common Market" in GATT and OECD, expression of the prevalent notion of the EC as no more than the economic sum of the Six.[469] Speeches by Canadian officials not seldom evidenced ambiguity as at the 1960-61 GATT conference. In his opening declaration, the Chairman of the Canadian delegation demanded access to

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[463] Originally, its twenty members included Austria, Belgium, Canada, Denmark, France, the Federal Republic of Germany, Greece, Iceland, Ireland, Italy, Luxembourg, the Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, Turkey, the United Kingdom, and the United States. Later, they were joined by Japan (1963), Australia and Finland (1968).

[464] Figure given in "Canada Makes Strong Bid for Reduced ECM Tariffs," *Financial Post*, 19 November 1960.

[465] For one instance out of a multitude see Mr Churchill's statement in *Hansard*, 6 December 1957, pp. 1968-9, 25 June 1959, p. 5172, and Mr Fleming's budget speech, 9 April 1959, p. 2407. Opposition voices branded this as insufficient and putting Canada increasingly out of touch with European goings on; for instance *Hansard*, 6 August 1960, p. 7690.

[466] *Hansard*, 5 August 1960, p. 7669.

[467] On the occasion of a visit by Commission President Hallstein to Washington, Mr Fleming answered a suggestion that Canada seize the initiative and invite Professor Hallstein to Ottawa by pointing at his meeting with the President some eighteen months earlier, noting "there have been other meetings .... I have met Professor Hallstein at various meetings in Paris since that time. The hon. member does not need to think that there are no meetings going on from time to time. Things happen without his knowledge. We find a great many things happening without his knowledge." *Hansard*, 9 April 1962, pp. 2640-1.

[468] See *Hansard*, 25 June 1959, pp. 5137.

[469] For some illustrations see *Hansard*, 17 July 1958, p. 2322, 18 July 1958, pp. 2382-3, 15 July 1959, p. 6092, and Mr Ritchie before the Senate, *Proceedings of the Standing Committee on External Relations*, 8 March 1961, p. 16.

"the markest [sic] of The Six,"[470] that is, a politically somewhat schizophrenic juxtaposition of the parts and the whole. The novelty of the Common Market phenomenon may have borne partial responsibility. On the other hand, Canada's language at GATT is reported to have been uncharacteristically stark, symptomatic of a rather stiff and clumsy position. When Mr Pickersgill pressed Mr Fleming on future actions at Geneva, specifically those directed at the UK, he clearly struck a nerve. Evasively legalistic, the Minister formulated in reply: "We have made certain proposals to Her Majesty's government ... and Her Majesty's government has made certain proposals to the Canadian government."[471] With the British accession bid, of course, Canada's tactics temporarily shifted to enlisting London as Canada's outrider against the EC. As demonstrated in the preceding section, this came to nought, among other reasons, because the Europeans, in light of past performance, expected and refused to be browbeaten into double concessions.

At the GATT conferences, Canada mounted a two-pronged attack claiming definitely to suffer from the collapse of extant individual tariffs into a common one, concurrently condemning in strong verbiage the CAP.[472] A detailed analysis would exceed the confines of this study. Suffice it to observe, therefore, that by 1962 Canada had distilled its demands into "linear" tariff cuts encompassing entire classes of industrial products and worked for a global settlement, not necessarily within GATT, for agricultural produce, chiefly foodstuffs. Above and beyond the GATT, Canada regularly consulted with the US and partook in the international wheat agreement as well as the wheat utilization committee.[473] The concomittant reciprocal access, though, predictably proved less palatable in Ottawa, exposing the government to accusations of simultaneously speaking out of the multilateralist and restrictionist sides of its mouth. Not only was this said to imperil, if not the GATT itself,[474] at least the ongoing round of talks with a deadlock fostering the dreaded merger of the Six with the Seven.[475] As a result, Canada overreached herself in a try "to lay down conditions far beyond those which are required for the legitimate protection of our interests."[476] Similar to British-Canadian relations after the UK application for EC membership, the nature of Canada's demands rather than their articulation probably braked success.

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[470] MacKinnon, "Trade Access," S/S 60/30, p. 2.

[471] *Hansard*, 17 February 1961, p. 2148.

[472] See MacKinnon, "Trade Access," S/S 60/30 passim, and "Canada Makes Strong Bid For Reduced ECM Tariffs," *Financial Post*, 19 November 1960.

[473] See Peter C. Newman, "What We'll Have To Give Up to Trade With Europe," *Maclean's*, 7 April 1962; also *Hansard*, 28 April 1961, p. 4102.

[474] M Regier went this far, *Hansard*, 21 December 1960, p. 1050.

[475] This correlation is proffered in "Will 'Six' and 'Seven' Become One Within Year?" *Financial Post*, 25 March 1961.

Still, the official announcement in the Department of Trade and Commerce's house organ, resplendent with *termini technici* and statistics, trumpeted:

> As a result of the negotiations at the GATT Tariff Conference held in Geneva from September 1960 to July 16, 1962, Canada has obtained assurances with respect to its rights of access to the European Common Market covering nearly $250 million of Canadian trade. In addition, under its two interim agreements on wheat, Canada has obtained assurances covering its access to the European Common Market, pending the working-out of the common agricultural policy of the European Economic Community.
>
> The negotiations on wheat, the largest single export from Canada to the EEC, resulted in two interim agreements covering so-called "quality" wheat and ordinary wheat.[477]

Far from negligible though these concessions were, the EC escaped the "Dillon Round" of GATT mostly with the black eye of "rather vague committments," according to Lyon, "to rectify the situation" should common policies depress "appreciably" Canadian imports below certain specified levels.[478] Whereas these misty pledges drew the critics' fire, this author surmises that the government quite welcomed them, for there was some speculation that Britain's membership bid with its corollary American plans for greater trade liberalization in the entire North Atlantic might bestow easier access to Europe and the US for Canadian products. Confirming voices snarled from Washington that this would without fail constitute the "last of the free rides" for Canada.[479]

At this juncture a few words on NATO impose themselves. Its Article II, in principle, ought to have advanced North Atlantic economic coordination and collaboration. To be sure, the EEC, as a poor substitute to the ambitious but abortive European Defence Community, had to steer clear of contentious "high political" domains and consequently boasted neither a military dimension nor NATO membership. Obviously, this need not have disbarred consultations under the Canadian Article bearing in mind Ottawa's early proneness to treat the EC as but a collection of its six component countries. Indeed, at least one speaker traced NATO's and the EC's genealogy to the Brussels Treaty as a common forebear.[410] Questions of European regionalism were regularly brought up at NATO meetings in the late 1950s, offering Canadian representatives the opportunity to state their worries, and while these were in fact exploited,[411] this was done with patent dislike. Mr Diefenbaker gave short shrift to European regionalism in his lengthy statement to which he treated Parliament upon his return from a NATO conference. Albeit recognizing the topic as a way of putting meat on the skeletal Article II, the Prime Minister nonetheless explained his preference for deleting any mention (of endorsement presumably) in the final communique.[412] The Government remained oblivious to suggestions put forth by Mr Martin to avail themselves of NATO as a possible connecting link to the EC.[413] Government *appui* of Article II overall remained relatively weak,[414] inaction being excused by the absence of approprate machinery for implementation.[415] After all, even the indefatigable Atlanticist Lester B. Pearson, while unerringly vocalizing dedication to his Article's philosophic underpinning, distraughtly admitted to "not ... much progress, very little indeed."[416] When pondering the future of non-military collaboration within NATO, Article II's emasculation through duplication by organs including the OECD or the EC[417] exercised Mr Diefenbaker's mind considerably less than the one single-minded concern for the foundation of his international economic policies: "We have endeavoured to bring about economic arrangements within NATO that will ensure that the nations which stand for freedom will not by economic action weaken their neighbours and those associated with them in their responsibility."[418] NATO's unique unsuitability to this task accounts for the relative neglect.

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[476] *Hansard*, 23 November 1962, p. 1945.
[477] "Canadian Tariff Negotiations With the E.E.C.," *Foreign Trade* 118:3 (4 August 1962), p. 31.
[478] See Lyon, *Canada in World Affairs*, pp. 350-1.
[479] "We Can't Afford to Stand Aloof," *Financial Post*, 3 February 1962.

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[410] *Hansard*, 28 May 1958, p. 586.

[411] See *Hansard*, 18 January 1958, p. 3456.

[412] *Hansard*, 21 December 1957, p. 2722.

[413] *Hansard*, 28 May 1958, p. 587. Nor did the government give evidence of sensing "the possibilities of what is in fact little more than an adaptation in American terms of the germ concealed in Article II ...." Minnifie, "Canada's Choice," p. 16. But then, Article II was a Liberal concoction, and as for adapting to American schemes, that was scarcely Conservative policy.

[414] For one example see John G. Diefenbaker, "The North Atlantic Community," S/S 59/17, p. 2.

[415] *Hansard*, 19 May 1958, p. 187.

[416] *Hansard*, 2 July 1958, p. 2674 and also 18 July 1958, p. 2375.

[417] See for instance *Hansard*, 16 March 1959, p. 1988 and 28 February 1961, p. 2515.

[418] John G. Diefenbaker, "Foundations of Canadian External Policy. An Address to the Canadian Club of Ottawa, 24 November 1960," S/S 60/41, p. 5.In the same speech Mr Diefenbaker reaffirmed Canada's committment to the Alliance as an important hinge of Canadian security policy, but observed that changes were due because "an organization designed to meet the fears and formulas of the 1950s may not be wholly appropriate for the threats and hopes of the 1960s."

Ottawa considered publicly retributive action through NATO by means of a linkage to economic concerns. That most assuredly proved detrimental to Canada-European relations in both a global as well as bilateral sense. Mr Diefenbaker's assorted blows delivered at the 1962 London Commonwealth Conference included "a veiled reference to North American participation in the defence of Europe, saying British entry into Europe might in time contribute to a loosening of the trans-Atlantic alliance by making it appear that western Europe was able to stand on its own feet in defence matters."[489] The point at issue proved less the questionable prime ministerial mandate to speak for "North America," for which Mr Pearson scathingly took him to task,[490] than the symbolic impact. Throughout the period under consideration in this chapter, the Cold War, edging towards its climax in 1962, was very real to the frontline Europeans, especially the Germans who in the summer of 1961 had witnessed the erection of its most reprehensible monument, the Berlin Wall. To question NATO was to strike at the heart of western European security concerns. Hence the indignant responses in Europe so aptly captured by the *Daily Mail*'s query: "Would he [Mr Diefenbaker] rather have a weak Europe that needed propping up? Or a divided Europe that could lead to war?"[491]

In the final analysis Mr Diefenbaker did himself more harm than good. Europeans were doubtlessly chilled, as they would be again under strikingly similar circumstances two decades later, more by the prospect of a serious rift splitting the alliance than the in any event improbable complete withdrawal of the Canadian contingent. Observing the scanty references in the European press to Canada's NATO membership, John Gellner concluded: "We certainly mean much less than we did some years ago."[492] Shifting strategic considerations, moreover, had reduced Canada's once crucial active role in the North Atlantic defence despite the ironic fact that on a man-to-man basis Canada's soldiers in Germany were the most expensive.[493] NATO was as crucial to British security as it was to the Continent, and Mr Diefenbaker's words were resented there, casting into question the NATO institutions' utility as a forum for transatlantic linkages beyond the military. Accompanied by Ottawa's wavering on nuclear arms, this seriously undermined the Canadian bargaining position elsewhere. One disgruntled senior diplomat complained:

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[489] CIIA *Monthly Report* 1:9 (September 1962), p. 85. Obviously John Holmes' anxiety that "it is to be hoped that European will not forget, in their new pride of strength, that the function of defense must continue to rest with an extra-continental organization, N.A.T.O.," was somewhat misplaced; "Political Implications," p. 8.

[490] *Hansard*, 1 October 1962, p. 65.

[491] Cit. in Blair Fraser, "Canada's Role at the PMs' Meeting: Juvenile Delinquent," *Maclean's*, 20 October 1962.

[492] Gellner, "Canada in the European Press," p. 12.

[493] See "Between Two Worlds," *Globe and Mail*, 1 March 1962.

> We are now annoying the very governments that we are asking help from at places like the GATT and the European Common Market. ... Our argument is that we are an important part of the Atlantic Community and that our allies must help us.
>
> Yet this isn't realistic. We seem to have lost sight of the interrelation between defence, diplomacy and economics. They are bound together and our voice in one depends greatly on our voice in the others.
>
> Right now we have succeeded in alienating virtually all the governments that count if we want any favours when the tariff lines are drawn.[494]

There was legitimate fear that the mentality prompting the sarcastic American comment that the US "might as well dump them in the Atlantic Ocean" rather than sell weapons to the Canadians for all the good they could be expected to do here would spread to other allies.[495] Diplomacy generating such forceful negative reactions, even if objectively not grossly harmful threats, must nevertheless be regarded as incompatible with a relationship of complex interdependence.

The Euratom Link

Worthy of special attention in the context of complex interdependence are Canada's interactions with the European Atomic Energy Community (Euratom), a relationship endowed with all the perquisites of the proverbial exception confirming the rule. For in February 1959, the Diefenbaker government, in a bout of foreign political prescience, initiated talks with Euratom "with the view to the negotiation of an agreement for co-operation in the peaceful uses of atomic energy to provide a framework for the development of such co-operation between Canada and Euratom...."[496] Less than two years after Euratom's creation, on 6 October 1959, a document was signed in Brussels under the sesquipedalian title, "Agreement Between the Government of Canada and the European Atomic Energy Agency (Euratom) for Co-operation in the Peaceful Uses of Atomic Energy."[497] In so far as it provided the institutionalized instruments for transgovernmentalism and also, to a more limited extent, transnationalism at least in the nuclear domain, the Agreement warrants a detailed digression into its genesis and immediate effects.

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[494] Cit. in "Now We Pay Piper for Defence Tune," *Financial Post*, 1 December 1962.

[495] Ibid.

[496] Sidney Smith in *Hansard*, 2 February 1959, p. 571. Note the striking similarity to the "contractual link" notions of a later era. As a collaborative framework between Canada and the EC, the 1976 framework agreement is but a Johnny-come-lately by almost exactly seventeen years.

[497] Published in Canada by Department of External Affairs, *Treaty Series 1959*, No. 22 (Ottawa: Queen's Printer and Controller of Stationary, 1961). All subsequent citations from the Agreement refer to this source.

Canada emerged from World War Two as a charter member of the world's second most exclusive, the atomic, club and the prime uranium source for the United States' military atomic programme. Ottawa, which C.D. Howe's shrewd and timely takeover of Eldorado Mining had temporarily placed in an enviable monopoly position, seemed to play its trump wisely. By 1959 uranium production in Canada had skyrocketed to its still unsurpassed apex of 15,000 tonnes. Only pulp products and wheat earned more copious export dollars. Consonant with the declaration by Truman, Attlee, and King (November 1945) "to eliminate entirely the use of atomic energy for destructive purposes,"[498] Canada also forged ahead with research into peaceful applications of nuclear energy, culminating in the splendid Canada-Deuterium-Uranium-type (CANDU) heavy water moderated reactors. A decade and a half after Hiroshima, this country was projecting a second research institution in addition to Chalk River and atomic power plants were under construction in Rolphston and Douglas Point. Technologically, then, Canada played in the big league, its leadership being gratifyingly acknowledged not only at various international congresses but also more tangibly through membership on the International Atomic Energy Agency's (IAEA) Board of Governors since that organization's genesis on 29 July 1957.[499]

The Liberal government's nuclear export policy, however, had put most of Canada's eggs in the American basket,[500] as exemplified by the ill-fated 1957 supply agreement covering sales until 1962. That the guillotine might then fall on Canadian uranium sales was communicated to Howe and through him to the House,[501] but few in either of the two major parties were seriously worried. After all, Howe opined, the non-military uranium demand was one about which speculation or generalization was nigh impossible.[502] What is more, the Liberals presumably placed enough stock in their *entente cordiale* with Washington for the Americans not to renege on a gentlemen's agreement according to which the USAEC would take up further options of at least part of the original amount beyond 1962. Also, given the lead time required for a new reactor to advance from the drawing board to going on line, it was not entirely unrealistic for Howe to expect the surplus from reduced American purchases to be picked up by new customers. It is nevertheless difficult not to sympathize with one Conservative MP's exasperated exclamation regarding Howe's gentlemen's agreement: "Why on earth did the Liberal Government not get that in writing?"[503] In all fairness, though, the Conservatives were none the wiser and failed to scent danger. George Hees, appointed to the cabinet after the 1957 electoral upset, reassured the Transportation Club of Ottawa on 10 October: "The industrial development of nuclear power on this continent, in Europe and elsewhere is creating a demand for uranium of such magnitude that we can now look forward to continued and extensive development in this phase of the mining industry."[504]

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[498] Canada, Department of External Affairs, *Canada and the International Atomic Energy Agency*, (Ottawa: Minister of Supply and Services, 1979), p. 5.

[499] Two authoritative treatments of Canada's early nuclear involvement are Wilfrid Egglestone, *Canada's Nuclear Story* (Toronto: Clarke, Irwing and Company, Ltd., 1965) and Eldorado Mining and Refining Limited, *Uranium in Canada* (Ottawa: Eldorado Mining and Refining, no date). General information about the state of Canada's nuclear programme at the time can be gleaned from the large nuclear power supplement to the *Financial Post* of 29 April 1961.

[500] One estimate places the amount of uranium shipped south up to October 1959 at a staggerring 16,000 tonnes, another at some 90 per cent of total production. See Hugh Brockington, "Canada and Atomic Energy," *Canadian Forum* 39:468 (January 1960), p. 1760, and Allan Nanes, "The Evolution of Euratom," *International Journal* 13:1 (Winter 1957-58), p. 13.

A significant change in Canada's uranium policy nevertheless was in the offing, deriving partially from the overall foreign policy concept of the Diefenbaker government, and partially making a virtue out of necessity. Nuclear relations, where Britain had in the past gotten short shrift from Ottawa, must have looked like an appropriate candidate for the Prime Minister's brainstorm of redirecting 15 per cent of Canada's external trade to the UK. What is more, Canadian uranium companies were beginning to overproduce seriously, forcing the government to liberalize sales policy conditional on proof of acceptable alternative contracts.[505] Hence, while redirection of uranium sales was explicitly mentioned by the Minister of Trade and Commerce, Gordon Churchill, his policy cast a wider net.

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[501] *Hansard*, 2 March 1956, p. 1740.
[502] *Hansard*, 20 July 1955, p. 6441.
[503] *Hansard*, 10 February 1960, p. 1142.
[504] Cit. in *Hansard*, 23 February 1960, p. 1375.
[505] See "Ottawa Opens Up on Uranium Sale," *Financial Post*, 10 May 1958.

> On the basis of present information it is expected that certain mines will be able to produce in excess of the trade specified for the delivery ... in contracts with Eldorado. Every effort will be made to sell this surplus uranium to individual friendly countries and organizations of friendly countries such as Euratom and the organization for European Economic Cooperation. These sales will be made under agreement for cooperation in the peaceful uses of atomic energy.[506]

The Federal Republic of Germany, under an intergovernmental agreement featuring a clause anticipating the possible transfer of the safeguards function to a multinational body, became the first country other than the UK and US to contract for Canadian uranium, if only for an experimental fifteen tonnes trial order.[507] Agreements were also negotiated with Japan, Australia, Switzerland and Pakistan during 1958 and 1959. All were most generally worded and contained the ubiquitous peaceful uses qualifier which already evoked some mild complaints as more restrictionist than competitors' terms.[508]

Aside from these dyadic relations, though, the most promising partner for fruitful nuclear cooperation appeared to be Euratom. A supranational organization wedded to an economic unit of great and steadily accruing potential for growth and thus energy needs boded well for the nuclear sector. One encouraging newspaper story reported on Italy's industrial production shooting up by an amazing 128 per cent, resulting in a feverish push by the two state-controlled companies, SIMEA and SENN, to meet demand for trained personnel and engage in research to hasten the country's atomic energy programme.[509] Taken as a whole, Europe was confidently expected to mature into the sort of civilian nuclear "third force" which Canada sought for her diversificatory policy. There was also an undeniable convergence of interests. Apart from the symbolic benefits to be derived by nascent Euratom from international recognition by treaty, the continental Europeans (barring France) were groping to abate their technology deficit with the United States, to say nothing of supply problems.[510] Both France and Belgium, of course, controlled significant uranium deposits in their overseas holdings. But at a time when the tidal wave of third-world independence was fracturing the dam of colonialism all but everywhere, little reliance could safely be placed on them. Moreover, the Belgian production, minus her own need, were still contractually pledged to Britain and the United States. Those circumstances played squarely into Canadian hands:

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[506] *Hansard*, 1 February 1958, p. 4147.

[507] "Uranium Contract Waits on Germany," *Montreal Gazette*, 1 September 1958. The agreement was announced by External Affairs Secretary Smith on 11 December 1959 *Hansard*, 11 December 1959, pp. 2178-9.

[508] This telltale point is made by Preston, *Canada in World Affairs*, p. 89.

[509] "Italy Pushes Research," *Financial Post*, 21 November 1959.

[510] For details on European dependence upon foreign nuclear supplies consult Christian Deubner, *Die Atompolitik der westdeutschen Industrie und die Gruendung von Euratom* (Frankfurt: Campus Verlag, 1977), pp. 6-8.

> By direct export to the new atomic community Canada can hedge against a change in American policy, while at the same time contributing to the success of the fledgling Euratom. Should America release uranium to Euratom from the Congo, there is little reason to suppose that any deficiencies she might suffer thereby could not be made good from Canadian production. At the same time Canada can press its own development programme.[511]

The climate in which Canada initiated negotiations with Euratom, then, looked promisingly like a no-lose situation.

Contacts with Community officials, like preparations for some of the treaties listed above, antedated the Conservative government. Early in 1957, three experts representing--as they would doubtlessly have been intrigued to know--the "European iron and steel community"[512] visited Chalk River and met with Mr Howe and the President of Atomic Energy of Canada, Mr Bennett. Their conversations focused on possible supply arrangements and Canadian nuclear power technology. But Howe was "unable to tell ... of any definite arrangement resulting from their visit."[513] The new government broached the subject of some "contractual link" with Euratom on the occasion of the 1959 visit of the three commission presidents.[514] Discussions commenced on 10 February, conducted for Canada originally by a special delegation despatched to Brussels. The dialogue progressed quickly and satisfactorily, even if the conduciveness to Canadian aims, alluded to by Smith,[515] of simultaneous talks between Euratom and Great Britain is best digested with the proverbial grain of salt. By May, the Canadian Embassy in Brussels had taken over the task of fine-tuning the precise wording, and on 6 October the fifteen article agreement was ready for signing.

Article 1 spells out that the

> co-operation intended ... relates to the peaceful uses of atomic energy and includes
> (a) the supply of information, including and relating to
>   (i) research and development,
>   (ii) problems of health and safety,
>   (iii) equipment, facilities and devices (including the supply of designs, drawings, and specifications), and
>   (iv) uses of equipment, facilities, devices and material;
> (b) the supply of material;

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[511] Nanes, "Evolution of Euratom," pp. 13-4.
[512] *Hansard*, 20 February 1957, p. 1467; the garbled reference of course is to the ECSC.
[513] Ibid.
[514] See *Hansard*, 25 June 1959, pp. 5137-8.
[515] *Hansard*, 10 February 1959, p. 856.

(c) the procurement of equipment and devices;
(d) the use of patent rights;
(e) access to and use of equipment and facilities.

Article 2 specifically adds a "joint programme of research and development connected with the natural uranium fuelled heavy water moderated type of reactor." The ensuing articles deal with the mechanics of encouraging and facilitating exchange of information, licenses and patents as well as mutual assistance in design, construction and operation of reactors, along with procurement questions. Articles 10 and 11 go into third party liability and dealings with third countries. The common interest in advancing the peaceful uses of atomic energy through the IAEA is reaffirmed (Article 12). Both contracting parties also undertake consultative meetings "from time to time ... on matters arising out of the application of the present Agreement, to supervise its operation and to discuss arrangements for co-operation additional to those provided in the present Agreement" (Article 13). The second-to-last article contains a glossary specifying the precise legal and technical meaning of certain terms employed throughout the document. Attached is the exchange of letters dated 18 November 1959 upon which the Agreement entered into force.

Politically most sensitive by far and crucial to the unfolding of Euratom-Canada relations are a second set of notes (dated 6 October 1959) and the article to which they refer. Pursuant to Article 9, material and equipment obtained under this agreement "shall be employed solely for the promotion and development of the peaceful uses of atomic energy and not for any military purpose," which includes the transfer of said material "to unauthorized persons or beyond its control except with the prior consent in writing of the Community or the Government of Canada, respectively." For these purposes, however, Euratom controls and safeguards, in conjunction with the Canadian government's system of accounting were *expressis verbis* accepted as adequate. The appended exchange of notes stiffens requirements only in making re-exports contingent "upon a mutually satisfactory system of safeguards." At the same time, the Canadian Ambassador assured Euratom Commission President Hirsch: "It is our expectation that the control system of the International Atomic Energy Agency and the European Nuclear Energy Agency, when established, will prove to be satisfactory in this respect." The future was not to bear out such optimism.

Even a cursory reading of the agreement reveals that, like its bilateral predecessors, it did not sell uranium or even guarantee such sales. Yet that was what the Canadian uranium industry direly needed, for by late 1959 the bottom was plummeting rapidly out of the market. Foreign orders were not materializing for reasons beyond Canada's control, discounting one contract with Great Britain which appears to have been temporarily mislaid in Ottawa but, once rediscovered, was duly allocated.[516] Europe's energy gap began contracting about 1957, transforming earlier fears of shortages into disquieting oversupplies of indigenous energy resources such as coal at the close of the decade. To make matters worse, instead of oil shortages following the Suez crisis, hydrocarbons contributed to the squeeze on European coal producers at an alarming pace: whereas in 1955 two-thirds of the EC's energy demands were satisfied by coal, its share had dropped below half by the early 1960s, loosing ground to oil which improved its position from 14 per cent to over one-third.[517]

Despite the corollary increased dependence on foreign oil wells, the development did little to spur nuclear power. On the contrary, the atom's standing declined in view of its unappealing economics compared to fossil fuels: "A power plant burning coal or oil in the furnace of a steam boiler actually has one stage fewer than an atomic power plant, and is therefore more efficient," the more so since one tonne of natural uranium yielded only fourteen pounds of fissile material to fuel a reactor.[518] Lacking experience with the novel installations also caused miscalculations and the danger of higher maintenance costs than could be prognosticated.[519] While some Canadian experts, among them W.J. Bennett, predicted difficult times ahead to last well into the 1970s,[520] Euratom "confidently expected" competitive reactors to become a fact of life within ten years. Utilities like the Rhine Westphalia Electric Co. more conservatively placed moratoria upon reactor construction "unless it is known in advance that its nuclear electricity will be competitive with conventional sources of energy," so that realistically "it may be 15 to 20 years before nuclear power contributes significantly to Europe's energy needs."[521] Consequently, Euratom's emphasis shifted towards research and development, a course that received positive political reinforcement from the six national capitals.

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[516] "Saga of Forgotten Uranium Contract," *Financial Post*, 25 March 1961.

[517] "Oil, Coal or Atoms?" *Globe and Mail*, 24 April 1962.

[518] Brockington, "Canada and Atomic Energy," p. 221.

[519] See "Our Nuclear Pump May Need Priming from Ottawa," *Globe and Mail*, 29 October 1962.

[520] "Get Atom Experience Now," *Financial Post*, 26 April 1958.

The only immediate substantial spinoff from the Canada-Euratom contractual link, then, was restricted to scientific cooperation, without doubt a more disappointingly ephemeral result than anticipated by the Canadian government. Still, progress was swift. The very month of the Agreement's signature a team of thirty European experts invaded Ottawa in quest of ways to put meat on the skeleton. Research responsibilities were allocated under the auspices of a joint research programme on organically cooled natural uranium reactors moderated with heavy water. The financial burden of ten million dollars was shared equally between Atomic Energy of Canada (AEC) and Euratom. Regardless of cautioning words by Euratom Commission President Hirsch in Ottawa in 1959, underscoring that the Community has no control over reactor programmes as such and can enter the scene only by way of incentives, his Canadian interlocutors (including a *Financial Post* reporter) were patently more impressed by European officials' keen interest in CANDU reactors.[522] There were great expectations that cooperative research in this area might sell at least some Europeans (it ultimately did) on CANDU as a Canadian foot in the door to expanding national uranium markets in Europe.[523] In the short run, the main beneficiary was Euratom. For one, the joint research scheme diversified European technical know-how aside from opening up yet another possible avenue towards reducing the EC's conventional energy dependence by providing access to a competitive reactor system. It also permitted direct comparison with American technology which was being tried under a comparable arrangement (and just possibly added a bargaining chip to the European position).

Retrospectively it is probably fair to assert that Canada had already been outflanked in Europe by the United States. France apart, Europeans had been less than reluctant recipients of American reactor hardware (let alone experience), fostered by moves designed simultaneously to encourage EC atomic integration as well as American nuclear exports. While this curious blend of altruism and self-interest so typical of US relations with the EC in the early period may in the final analysis have hampered technological integration of some national nuclear systems with each other, American moves proved devastatingly effective against Canadian competition. The release of the Congolese commitments and the tempting terms of a nuclear cooperation agreement signed on 8 November 1958 did much to ingratiate Washington with EC officials. The agreement provided for an enticing long-term loan of $135 million to Euratom coupled to a guaranteed twenty years' supply of enriched uranium which American light water reactors burn and CANDU doesn't and which Canada, devoid of enrichment facilities, could not supply directly. The scientific cooperation programme, to run over ten years, displayed a markedly more practical bent than its Canadian mate. Not only did it entail research into plutonium recyclage and into reactors moderated with hydrogen and cooled with organic liquids, but it also practically monopolized joint projects directly impinging upon power generation. American reactors, in other words, were actually plugged into the European power grids, to the tune of one million kw by 1963. In addition to turning Europe into the mutually beneficial "major proving ground for US ideas" of a fretting Canadian report,[524] the Americans acquired a captive market to boot. The French apart, who were experimenting with their own brand of natural uranium reactors, only Italy, enamoured of a British-designed natural uranium model (and a future locus of intensive cooperation with Canada) resisted US wooing and Euratom's pressure. Still, the Agreement could truly be called an important "coup," "an astute move and a major victory for US atom diplomacy."[525] It set the switches directing most of the EC's nuclear technology. Just how detrimental to Canadian atomic exports it could be was clearly if impotently recognized here;[526] it must have been cold comfort at best that the sinking stock of atomic energy forestalled the actual construction of three out of five plants originally projected.[527]

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[521] "Oil, Coal or Atoms," *Globe and Mail*, 24 April 1962.
[522] "Prospects Slim in Europe for Sale of Our Uranium," *Financial Post*, 23 June 1959.
[523] See "Euratom-Canada Planning A-Energy Experts on Tour," *Financial Post*, 17 October 1957; also P.T. Eastham, "Euratom Pushes Research Programme," *Foreign Trade* 114:6 (10 September 1960), pp 11-2.

Not surprisingly, expectations for the sale of Canadian uranium to Europe sagged. Germany soon lost interest in consummating a 500 tonnes uranium contract in the face of Europe's overstock, even though one source reports a minor success: "From no sales in 1957, Canada in 1958 sold $314 800 in uranium ores and concentrates to the Federal Republic, followed by $129 000 worth of these materials last year [1959]."[528] By the turn of the decade, however, Euratom was no longer counted upon to alleviate the ailment racking Canada's uranium industry. In his scathing and somewhat hypocritical attack on Diefenbaker's inability to persuade the Americans to go back on their waiver of post-1962 uranium options, the Leader of the Opposition Lester B. Pearson made no reference to alternative markets such as Euratom, nor for that matter did he dwell on the general disillusionment with atomic power.[529] Mechanical and economic considerations, then, conspired to erode more intensive interactions growing from Mr Diefenbaker's auspicious gambit.

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[524] "U.S.-Euratom Agreement Hits Our Uranium Sales," *Financial Post*, 15 November 1958.
[525] "US Deal with Euratom May Hit Our Uranium Sales," *Financial Post*, 18 April 1959.
[526] See *Hansard*, 16 July 1959, pp. 6117-8 for a flavour of the political altercations.
[527] See Eastham, "Euratom Pushes Research," p. 12.

Seeds of Transnationalism

The Federal Government was not the sole Canadian actor engaged in dealings with the Community. Activities by Canada's ten senior sub-national governments, the provinces bear investigation. Throughout the 1960s, the pendulum of dominion-provincial power relations started to swing away from Ottawa as sizeable and growing expert bureaucracies in provincial capitals better equipped them to grapple with the increasingly complex political fare. The federal government lost part of its competitive advantage in the domestic political market. One corollary, as yet comparatively little in evidence at the decade's beginning, was enhanced provincial activity on the international scene. Quebec in particular, undergoing its "quiet revolution" was gathering foreign political momentum, soon to be poised to challenge Ottawa's international monopoly so shakily anchored in the terse Section 132 of the BNA Act. Concerning the European Community, the Diefenbaker government was by no means dramatically upstaged. Still, at least two provincial governments energetically pursued their own closer contacts in Europe.[530] The government of Ontario early in 1962 posted to Brussels their Deputy Director of the Industrial Development Branch of the Department of Economics and Development, Mr R.H. Stapleford. Mr Stapleford's brief, covering both EC and EFTA, consisted of investigating export opportunities for Ontario-based producers as well as soliciting direct European involvement in his province. Manitoba followed a less structured approach in despatching a trade mission to the EC and some of its neighbours. Aside from scouting probable adverse effects pursuant to British accession and likely remedies, the 75-man Manitoba group, too, was to explore sales prospects and proffer formal recommendations to their government.

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[528] "Germany Could Be New Uranium Market," *Financial Post*, 3 September 1960, Germany Supplement.

[529] *Hansard*, 10 August 1960, p. 7904.

[530] For more information on the remainder of this paragraph see "Two Provinces Seek ECM Trade," *Financial Post*, 17 March 1962.

Whereas Ontario's permanent representative showed the provincial government rather more responsive to business wishes than Ottawa, Manitoba's travelling road show emulated the federal model. Albeit the Liberals tried to usurp credit by branding trade delegations as in the tradition of C.D. Howe's missions to miscellaneous countries,[531] they formed a central component of Tory tactics. A 1958 mission to Great Britain designed to generate more English branch plants in Canada, attacked by the Opposition as fruitless,[532] was followed the next year by a three-week tour of the EEC by thirteen business leaders.[533] Headed by the Deputy Minister of Trade and Commerce, Mr James A. Roberts, the participants represented primarily mines and minerals industries, pulp and paper as well as chemicals. In meetings with senior government, Community, industry, and union officials they undertook to "secure our fair share of the expansion which is bound to come from your increased prosperity."[534] Communicating Canada's views as much as fact finding, then, were the delegates' dual objectives. It might be noted at this juncture that the overall format set a recurrent pattern, anticipating similar exchanges surrounding the forging of Mr Trudeau's "contractual link." As the probability of British accession mounted, the Government organized several additional trade missions comprising tanning, timber, and frozen fish industries respectively, with membership a function of "their considered ability to compete as well as expand and penetrate into foreign markets."[535] Trade Minister Hees was so enamoured of trade missions as to inspire a *Maclean's* cartoonist. He depicted the Minister in a circus uniform complete with riding-breeches and whip, the caption quipping about the "dazzling performance by Ringmaster Hees."[536] A forceful export and production drive, initiated in 1960, spawned twenty-four trade missions and Canadian presence at fifty-four world fairs in 1962 alone.[537] They were very much the brainchild of the enterprising Mr Hees who in one instance threatened to finance one such trip himself if public funds were not forthcoming, insisting "he would stand on [his] head in Picadilly Circus if it would mean increasing Canadian exports."[538]

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[531] *Hansard*, 25 June 1959, p. 5186.
[532] *Hansard*, 18 July 1958, pp. 2387-8.
[533] Details are rendered in A.M. Telford, "Business Explores the Common Market," *Foreign Trade* 114:14 (31 December 1960), pp. 5-8.
[534] Mr Roberts cit. ibid, p. 6.
[535] See the reply to Question No. 735 posed by Mr Nicholson, *Hansard*, 14 November 1962, pp. 1614-5.
[536] Included with Peter C. Newman, "What We'll Have to Give Up to Trade With Europe," *Maclean's*, 7 April 1962.On the trade missions see also "Canada at International Fairs," *External Affairs* 15:2 (February 1963), pp. 86-9.

There is no ready explanation for the glaring inconsonance with Canada's obstreperousness at the various Commonwealth meetings. Late in 1961 and throughout 1962, as Britain's accession came to be fatalistically accepted as nigh inexorable, the Government started to backpedal. The Canadian stance, it transpired from official sources, was but a clever subterfuge strengthening Britain's position in Brussels when negotiating concessions from the Community, supplying added bargaining counters as it were.[539] Opposition incredulity was due not to Mr Pearson's deficient grasp of foreign affairs as alleged by one MP,[540] however, but to the proposition's endemic preposterousness. Three considerations sufficiently debase its credibility. First, no players Machiavellian enough to devise such an intricate stratagem would then daftly show their hand before game's end. Second, whether put into operation with or without London's collusion, its success was hardly contingent upon Mr Diefenbaker's so transgressing diplomatic propriety.[541] Thirdly, Mr Diefenbaker's exercise in originality at the London conference cast into doubt any set course for Canada's external economic policy, concurrently refuting charges of a view too narrow to gaze beyond the Commonwealth.[542] The Prime Minister proposed

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[537] See "With Britain's Entry Into Euromart Canada Must Sell World Markets," *Canada Month* 2 (September 1962), p. 9.

[538] Cit. in Clive Baxter, "In Europe They Say That Canada Overrates Her Own Importance," *Financial Post*, 10 December 1960.

[539] For some instances out of a multitude consult J.A. Stevenson, "Ottawa Letter: The Gallup Poll and the Common Market Are Giving the Government Trouble," *Canadian Commentator* 5 (November 1961, p. 24; H.I. MacDonald, "Canada, Britain and the Common Market," *The Canadian Forum* 41 (November 1961), p. 169; *Hansard*, 19 January 1962, p. 24, 22 January 1962, p. 43, 24 January 1962, pp. 148-9, 26 February 1962, p. 1279.

[540] *Hansard*, 10 October 1962, pp. 354-5.

[541] One British official, having exhausted his formal niceties about welcoming "frank" opinions, replied thusly to a persistent Canadian journalist inquiring into British reactions to Canadian posturing: "After two or three seconds of silence, the Englishman said, 'I think if you don't mind I won't answer that question'." Blair Fraser, "What's Haunting Dief? The Ghost of Speeches Past," *Maclean's*, 6 October 1962. The title's allusion is to the 15 per cent trade diversion.

[542] *Hansard*, 20 October 1962, p. 118.

> that this Conference should declare its intention to extend an invitation to all member nations of the Commonwealth, of the EEC, the EFTA, the U.S.A. and Japan and other likeminded nations indicating a desire to participate, to meet at the earliest practicable date to give consideration to how to deal with the trading problems before us in a way which will be to the mutual advantage of all. This should prepare the way for the prospective non-discriminatory tariff negotiations on a most favoured nation basis.[543]

Whether thrown out as a bone to gain time or a serious attempt to supply a linkage to grander American free trade plans then emerging,[544] it confounded many observers assessing as "feeble" Canada's devotion to the principle of multilateralism, "the more so since Canada's trade was overwhelmingly concentrated on a small number of partners."[545]

Though evidence tends to support the damning verdict passed by one editorialist according to whom "no Canadian outside the cabinet chamber can know the mind of the Diefenbaker government on the issue of foreign trade now demanding decision, if the government knows itself,"[546] it is too temptingly simple to convince on its own account. Prone as the Diefenbaker government was to dash off after chimerical solutions like the 15 per cent trade redirection to Britain even in the face of objections from groups most involved, it must accept and cope with the undeniable arrival on the international stage of the EC.

Of course, as one trade mission's secretary colourfully pointed out, the "very fact that thirteen of the senior business leaders in Canada were prepared to divorce themselves from their busy schedules for the European trip indicated interest."[547] Some more aggressive Canadian companies, especially in those industries expectant to be most affected by what reverberations the EC might produce on North Atlantic trade, acted independently. Indeed, given this country's economic history, Canadians might be expected better than most to understand and master the art of jumping trade barriers by investing behind them. After all, US subsidiaries have for some time profitably hidden behind Canadian tariff barriers. Interestingly, that *modus operandi* was discouraged at first as counterproductive for Canadian investors in Europe. Some economists believed that a flood of US and Canadian companies, cozily established behind a sheltering CET, would weaken efforts in GATT to reduce those tariffs since they would *ipso facto* become net beneficiaries.[548] While the CMA pronounced itself supportive of government action aimed at salvaging special Commonwealth access to Britain,[549] business voices rejected as inadequate any strictly *status quo* oriented approach,[550] understandable because British EC membership would have more than doubled the Community's economic importance to Canada. Provided economic growth progressed at or near present rates there, higher European standards of living would be accompanied by hikes in wage rates. In turn, this might enhance the competitiveness of Canadian exports not merely in the British, but the whole Common Market.[551] The President of the Canadian Pulp and Paper Association and, incidentally, of Canada's fifth largest export industry, had spoken out energetically against obstructing British accession, vital to the survival of the UK's economy and thus, circuitously, to Canadian exports. Concessions, in Mr Fowler's opinion, would result most naturally from a bold and innovative stance in Ottawa tailored to changed international conditions.[552] Though the overall tone of Mr Fowler's one-page article is optimistic, it does smack of the fatalistic view voiced in Parliament by Mr Laing that "the United Kingdom is either going to walk into the European common market or she is going to fall in."[553] Several more enterprising corporations followed the example of their American brethren which were entrenching themselves in great numbers inside the European Community, though needless to add Canadian investment lagged far behind. They included Polymer's projected synthetic rubber plant in Strasbourg, Massey Ferguson's expanding French operations, and Seagram's participation in the wine industry there. Three pulp and paper firms, Anglo-Canadian, Dryden as well as Gulf, by way of the Reed paper group, were involved in Southern Italy's board and paper industry at the time.[554] Nevertheless, it would be stretching the available evidence to interpret it as indicating a trend towards a meaningful degree of transnationalism.

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[543] John G. Diefenbaker, "The EEC, the Commonwealth and the World. Statement at the Commonwealth Prime Ministers' Meeting in London, 17 September 1962," S/S 62/11, p. 3. One enraptured observer labelled this "Diefenbaker's finest hour." Arthur Lowe, "The Critical Conference: The PMs Agree to Disagree," *Saturday Night*, October 1962, p. 12.

[544] This latter possibility was suggested in the House by Associate Minister of National Defence, Pierre Sevigny, *Hansard*, 2 October 1962, p. 128.

[545] Stevenson, "Ottawa Letter," p. 24.

[546] "The Rich Man's Club," *Winnipeg Free Press*, 7 December 1961.

[547] Telford, "Business Explores," pp. 7-8.

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[548] "Branch Plants In Europe Hike Tariffs?" *Financial Post*, 12 December 1959.
[549] See *Hansard*, 20 February 1962, p. 1046.
[550] See *Hansard*, 21 February 1962, p. 1112.
[551] "Predicts Credit Balance For Canada From ECM," *Globe and Mail*, 5 June 1962.
[552] R.M. Fowler, "Let Britain Join EEC," *Canadian Commentator* 5 (December 1961), p. 5. and also Stevenson, "Parliament Resumes," p. 12.
[553] *Hansard*, 10 October 1962, p. 360.
[554] See *Hansard*, 28 September 1961, p. 9066 and J.M. Minnifie, "All Roads Lead to Rome--and to the Common Market," *Canadian Commentator* 5 (November 1961), pp. 19-20.

This conclusion is not cast into question by what amounted to a one-man campaign by then President of the Montreal and Canadian Stock Exchanges, Eric W. Kierans, which attracted some publicity. Mr Kierans's central concern revolved around a distinctly Canadian response to the challenge posed by the EC, independent of British stewardship of Commonwealth interests and, more importantly yet, without jumping on the American trade liberalization bandwagon. He envisaged a mutually complementary relationship between Canada and Europe founded on the former's cornucopia of natural and energy resources and the latter's advanced industrial techniques and know-how.[555] This relationship would rest most soundly on Canadian "associate membership" in the EEC which Mr Kierans championed in word and deed. He travelled extensively throughout Europe soliciting listings of UK and European stocks in Montreal and filed an application for associate membership in the International Federation of Stock Exchanges, headquartered in Paris. Mr Kierans' penchant for European connections extended to the physical location of his Exchange, which he proposed to relocate in the Place Victoria high-rise complex to be co-financed with European funds and presumed to attract additional transatlantic corporate tenants.[556] Admirable though they were, Kierans' actions failed to markedly skew the global pattern of Canada-EC interactions in the direction of transnationalism.

D. Conclusion

Retrospectively it becomes obvious that the Diefenbaker governments formulated no coherent policy to guide their interactions with the EC, much less one directed at a regime of complex interdependence in Keohane and Nye's sense. Direct contacts between Ottawa and the Commission were few and far between. Despite the timely accreditation of Canada's Brussels legation to the Community, it appears neither to have been encouraged nor staffed or equipped to institute an effective liaison with EC headquarters beyond the most basic reportorial and courier tasks of diplomatic intercourse. Canada-EC contacts occurred most frequently within multilateral fora (in particular the OECD and the GATT), but instructions to Canadian diplomatists tended to range them opposite their EC counterparts especially, albeit not exclusively, on matters agricultural. Nor were bilateral relations with the Member States recognized as potential conduits into the EC decision-making machinery. Activities by two provincial governments were sporadic and business circles opened few new channels, even when sponsored or organized by federal authorities whose input hardly exceeded the realm of conventional governmental involvement in the encouragement of foreign commerce. At least Minister Hees' enthusiasm assured frequency. There is no indication that these contacts in any way rivalled the Canadian-American or for that matter the Anglo-Canadian dyads in transgovernmentalism or transnationalism. The Canada-Euratom co-operative framework agreement seems to stand out as bucking these trends. The main intent underlying it had been to tie the European nuclear market into the abundant Canadian supplies, however, and with contracting demand for fissile fuels, performance under the Agreement's auspices atrophied in other domains, too. Nevertheless, the Euratom treaty rates as the most hopeful element of Canada's European policy under Mr Diefenbaker and certainly the most constructive one bequeathed to his successors, holding forth the promise of intensified co-operation at a future date.

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[555] See the report on a speech by Mr Kierans to the Federation of British Industries in London, CIIA *Monthly Report* 1:6 (June 1962), p. 61.

[556] For details see the interview/article by Allan Fenton, "Why Canada's Future Should Be Linked to the Common Market," *Canadian Business*, February 1962, pp. 24-7, 74-5.

While the use of force was demonstrably (and predictably) absent in Canada-EC relations, threats were voiced on this side of the Atlantic. That hardly endeared the Canadian government to Commission officials, sympathetic though they originally looked upon Ottawa's concerns. Albeit compounded by the Europeans' confusion as to the precise nature of Canadian complaints--in itself further corroboration for the lack of a well-functioning network of access channels--Mr Diefenbaker's menacing pose regarding NATO and agricultural supplies touched European sensibilities, if not vulnerabilities. Less by design than circumscribed Canadian capabilities to impose truly debilitating sanctions on the Six, Prime Minister Diefenbaker's threats do not, in this author's opinion, qualify as grossly harmful. This is not to deny their deleterious psychological ramifications for Canada-Community interactions, though. Boomerang-like, they rebounded primarily on their initiator by impeding promising avenues of diversification away from the United States in the face of parliamentary exhortations also from the Conservative camp quaintly precursive of Mr Trudeau's Third Option.[557] In any event, Prime Minister Diefenbaker's behaviour was incompatible with bargaining under a regime of complex interdependence.

Complex interdependence's realist foil posits an issue hierarchy dominated by the concern for national security to which all other major foreign policy moves are subjected. Cold War phraseology, to be sure, appeared invariably in Canada's obligatory tributes to European unity as a pillar of a strong western alliance versus the Communist collossus. As such, security considerations, acting as an outside menace, entered the equation as an integrating force, not as the paramount issue hierarchically ordering Canada-Community bargaining priorities. This author contends, however, that even if self-preservation loses its primacy by removing beyond a reasonable doubt danger to an international actor's physical existence, the previously secondary, tertiary etc. issue areas need not become the fungibles of linkage politics, manipulable and interchangeably clustered to meet the tactical demands of the bargaining situation at hand--the *sine qua non* of complex interdependence. In the "global village" which this century's communications explosion created, social, economic as well as cultural interdependence have come to be perceived as vital threats comparable to military coercion and accordingly found their way into the rhetoric of political ideologues. Nor does the absence of armed force *ipso facto* impart to an international dyad the routine's reassuring lull which fosters the transgovernmental and transnational connections to take advantage of the decapitated issue pyramid, broadening it into complex interdependence. Where such familiarity has not obtained between two actors, be it for lack of interest or lack of time, a crisis which definitionally involves a menace to *any* important values rather than just the imminence of war can conceivably congeal other issues into hierarchies dominated for instance by a nation's economic well-being. Britain's accession bid supplied a case in point. It drained Canada's attention and energy from potentially more fruitful intercourse with the EC, especially an enlarged EC. Instead, the primacy attached to keeping Britain outside the Community resulted in a Canadian stance a far cry from complex interdependence with that organization. It definitely cost Canada early opportunities to adjust to Europe's future common policies through co-operation and removed these effectively from any Canadian input through joint management of interdependence. Moreover, Britain was discouraged from acting as Canada's stalking horse inside the Community subsequent to accession. And accede to the Community Britain eventually must.

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[557] Government MPs commended efforts to develop a very large trade outside North America "to act as a balance wheel for this rather overwhelming north-south trade pattern which exists today." *Hansard*, 24 June 1958, p. 1563.

V. Paradox: The Pearson Years of Inaction, 1963-1968

"Das ist der Fluch von unserm edlen Haus: auf halben Wegen und zur halben Tat mit halben Mitteln zauderhaft zu streben."

– Franz Grillparzer

A. Introduction

A perusal of Paul Martin's speeches reveals a notably conventional view of international relations befitting the man, unmistakably couched in the vocabulary of Realism. Mr Martin declared it "axiomatic" for a nation's foreign policy to incorporate its "national interest"[558] and to be subjected to a distinctly layered hierarchy among issues. Commenting on and adjusting to contemporary circumstances Mr. St. Laurent's fundamental data of Canadian foreign policy referred to in Chapter Three, the Secretary of State for External Affairs observed: "In particular, I believe we must now acknowledge that national security is a vital factor underlying our foreign policy. The survival of Canada is necessarily our primary objective."[559] Mr Martin then proceeded to reconstruct a pyramid of basic principles headed by national security and followed, in descending order of importance, by national unity, political liberty and social justice, the rule of law in national and international affairs, economic development in Canada and the world, the values of Christian civilization as well as "the acceptance of international responsibility in accordance with our interests, and our ability to contribute towards the building of peace."[560] This merely refined and expanded a similar structure erected before the Canadian Club, fleshing out five requisites for an independent foreign policy:

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[558] Paul Martin, "Canadian and United States Foreign Policies. Speech at Michigan State University East Lansing, Michigan, February 25, 1967," in his *Paul Martin Speaks for Canada. A Selection of Speeches on Foreign Policy 1964-67* (Toronto: McClelland and Stewart, 1967), p. 79.

[559] Paul Martin, "Some Reflections on the Prinicples Underlying Canadian Foreign Policy. Speech by the Honourable Paul Martin, Secretary of State for Externnal Affairs, at Waterloo Lutheran University Convocation, May 22, 1967," S/S 67/18, p. 2.

[560] Ibid.

> *First*, we must have military security;
> *Second*, we must have expanding economic strength;
> *Third*, we must be able to exert influence on others;
> *Fourth*, we must be able and willing to play a creative role in many areas of international affairs;
> *Fifth*, we must maintain a basic unity at home in Canada concerning our national interest in world affairs.[561]

Even when mellowed by the qualification that in foreign affairs independence "cannot have quite the same meaning as in other fields,"[562] such peans of orthodoxy were scarcely conducive to the political originality required for the institution of a regime of complex interdependence. This conclusion is not weakened by two obvious objections. Granted firstly, Mr Martin's pronouncements just adduced inhabit the rarefied sphere of global strategic considerations, thus allowing for differentiated approaches at dyadic levels. The prototypical Canadian-American complex interdependence, after all, suffered no apparent ill effect from superpower bilateralism with its inevitable primacy of security concerns in US foreign policy. If anything, intimate continental relations prospered during the Cold War. International polycentrism was to prove one of the preconditons for Canadian disintegrative moves, however unsuccessful, in the 1970s. His utterances nonetheless can be taken as indicative of his general approach to foreign affairs. Second, their odd incongruity with the Prime Minister's philosophical penchant fades at second glance: "For the Pearson administration," in Professor Byers' assessment, "NATO and collective security were considered vital to Canadian interests as they produced tangible and intangible benefits within the broader foreign policy context."[563]

Arrayed alongside Canada strategically, this Realist hierarchy of issues need not block complex interdependence with the Six. On the contrary, narrow security ties against a common enemy may serve to amplify interdependence--e.g. European-US relations throughout the Cold War. This fits hand-in-glove into Keohane and Nye's framework:

> Military force could ... be irrelevant to resolving disagreements on economic issues among members of an alliance, yet at the same time be very important for that alliance's political and military relations with a rival bloc. For the former relationship this condition of complex interdependence would be met; for the latter it would not.[564]

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[561] Paul Martin, "An Independent Canadian Foreign Policy, Speech to the Canadian Club, Toronto, January 31, 1966," in *Paul Martin Speaks*, p. 17.

[562] Ibid, p. 12.

[563] R.B. Byers, "Defence and Foreign Policy in the 1970s: The Demise of the Trudeau Doctrine," *International Journal* 33:2 (Spring 1978), p. 317.

[564] Robert O. Keohane and Joseph S. Nye, *Power and Interdependence. World Politics in Transition* (Boston: Little, Brown and Company, 1977), p. 25.

What is more, Lester B. Pearson was an internationalist *par excellence*. His impressive foreign political credentials, aside from authoring NATO's co-operative Article II, were epitomized in a Nobel Peace Prize awarded for his pathbreaking contribution towards rendering the United Nations a more effective agent of peace-keeping and collaboration. His recognition of interdependence and its potential, in short, lay beyond question. At the official opening of the NATO ministerial meeting in Ottawa on 22 May 1963, the new Prime Minister lost no time stressing a "degree and complexity of ... interdependence" with its concomitant "maze of interlocking contacts" only to condemn diplomatic orthodoxy as inadequate to the challenge: "Today the world has the means of adapting itself to this essential factor by international co-operative effort. It is the only means that makes sense, *but that does not prevent us from too often following the older techniques of exclusive national action*."[565]

If, as Chapter Two above asserted, complex interdependence is an international regime instituted and maintained through deliberate political acts, a policy of relative neglect, however benign, suggests little or no progress in this direction between Canada and the EC between 1963 and 1968. Nevertheless, in this author's contention, the Pearson years of inaction provided a welcome gestation period. The next section will examine how Prime Minister Pearson's Atlanticism, inherently predisposed towards fostering direct trans-border interactions involving both non-governmental actors as well as governmental agencies acting relatively autonomously as stipulated by the concepts of transgovernmentalism and transnationalism, failed to engender a deliberate Canadian policy towards the European Community. Thus, as with the preceding administration, the structures, processes, and issues of Canadian-European interactions yield little evidence even of an incipient regime of complex interdependence, though the mordant edge of the Diefenbaker years is mercifully also absent. As in the preceding Chapter, the case must again largely be built vicariously.

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[565] Mr Pearson cit. in "North Atlantic Treaty Organization," *External Affairs* 156 (June 1963), pp. 224-5. Emphasis added.

B. Mr Pearson, Atlanticism, and the EC

The Pearson years offer the student of Canada-European Community relations surprisingly slim pickings. While retrospectively this dovetails with the puzzlingly lacklustre performance in external relations generally of a government "headed by the most successful practitioner of diplomacy Canada has ever produced,"[566] it is particularly disappointing *vis-a-vis* the EC. Throughout the Diefenbaker era, the Liberals spearheaded by Mr Pearson time and again paraded their sympathy not just for European integration but also Britain's belated desire to partake.[567] Tory mismanagement of international economic relations was counterposed to a Liberal master-plan introducing Canada to greater, since freer, North Atlantic trade.[568] Habitually such statements abutted in the advocacy of a North Atlantic Community designed simultaneously to invigorate the ailing Canadian economy through salutory exposure to wider competition as well as to prevent Canada's isolation from Europe-*cum*-Britain, delivering her helplessly to North American continentalism.[569] Certainly, the North Atlantic scheme's exact morphology seemed "vague and difficult to pin down" not just to a berated Mr Churchill.[570] Sometimes all but a cozy Anglo-Saxon club bringing Canada together economically chiefly with the United States and the United Kingdom,[571] it transmogrified at the other extreme into little beyond a fuzzily institutionalized variant of what even Mr Diefenbaker conceded was "a degree of spiritual fellowship" prevalent in the North Atlantic region.[572] Touted originally as the very antidote to the internecine split of Europe and North America into rivalling trade groups, such an eventuality in the guise of British EC membership and a Canada-US common market arrangement was confusingly billed as important stepping stones across which to integrate the two parts into the larger whole.[573]

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[566] Peter C. Newman, *The Distemper of Our Times. Canadian Politics in Transition: 1963-1968* (Toronto: McClelland and Stewart Limited, 1968), p. 202. Newman, whose book remains a standard work on the Pearson administrations, attributes this disappointing performance to the personality of the Secretary of State for External Affairs, Paul Martin, as well as vexing international problems such as a Vietnam War which sidetracked the Government from such objectives as recognition of and membership in the UN for the People's Republic of China, accession to the OAS *et al*. A more positive assessment is given by Bruce Thordarson, *Lester Pearson, Diplomat and Politician* (Toronto: University of Toronto Press, 1974), passim. This short biography supplies only a superficial introduction to the Pearson period, reading as it does like a precis of the Prime Minister's own three-volume autobiography.

[567] For two instances see CIIA *Monthly Report* 2:1 (January 1963), pp. 9-10, and Mr Sharp's statement in *Hansard*, 5 July 1963, p. 1904.

[568] See Miss La Marsh in *Hansard*, 26 February 1962, p. 1257.

[569] For some instances see "Pearson's Plea Justifies Study," *Financial Post*, 29 April 1961, *Hansard*, 13 May 1958, pp 29-30, 18 July 1958, p. 2375, 16 March 1959, pp. 1974-5, 24 April 1961, p. 3941, to cite but a few out of a multitude.

[570] *Hansard*, 22 March 1960, p. 2304.

[571] "Pearson's Plea Justifies Study," *Financial Post*, 29 April 1961.

[572] *Hansard*, 13 April 1961, p. 3607.

Canadian foreign policy under Mr Pearson, especially his impassioned advocacy of Atlanticism and frustration at its halting progress, is best understood in terms of his propensity to cast political issues into the larger mould of grand, not to say idealistic schemes. This applied to internal an external matters alike: "[m]y passionate interest, when I was in government, apart from the ultimate question of peace and war, was in the national unity of our country."[574] As behooves a Nobel Peace Prize laureate, Lester B. Pearson addressed himself to problems "important not only for Canada but for the future of humanity," notably among them Communism, race relations, the population explosion, and, remarkably modern by today's standards, environmental dangers.[575] Clearly, they would brook no restrictive concentration of Canada's external energies on specific international theatres (traditionally the US and Europe): "This was no time for a country's foreign policy to get stuck in conventional grooves."[576] Flexibility and what he termed, somewhat redundantly, "participatory internationalism" were Mr Pearson's prescription, the more so since war and peace were too weighty to be left entirely to the Great Powers while Canada, and, presumably, her fellow Middle Powers, turned inward by "protecting our sovereignty and increasing our gross national product."[577] These were far too narrow objectives to fit the visionary parametres of Pearsonian foreign policy:

> Economic growth as the first objective of foreign policy is an uncertain trumpet sound to Canadians, scarcely stirring the blood or inspiring hope for a better country and a more secure world. Indeed, if every country gave this priority in its foreign relations, very little progress would be made toward the solution of those international problems which are essential to survival itself.[578]

Instead, the "moral power" derivative of the projection onto the international scene of Christian principles was to galvanize Canadians.[579]

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[573] *Hansard*, 12 April 1961, p. 3575, and 22 January 1963, p. 2984.
[574] Lester B. Pearson, *Mike. The Memoirs of the Right Honourable Lester B. Pearson*, Vol. III, *1957-1968*, John A. Munro and Alex I. Inglis eds. (Toronto: University of Toronto Press, 1975), p. 236.
[575] Lester B. Pearson, *Mike. The Memoirs of the Right Honourable Lester B. Pearson*. Vol. II, *1948-1957*, John A. Munro and Alex I. Inglis eds. (Toronto: University of Toronto Press, 1973), p. 30.
[576] Ibid.
[577] Ibid, p. 31.
[578] Ibid, pp. 31-2.
[579] See in this context Lester B. Pearson, "Some Principles of Canadian Foreign Policy," in his *Words and Occasions. An Anthology of Speeches and Articles Selected from His Papers* (Cambridge, Mass.: Harvard University Press 1970), pp. 67-76 and "Christian Foundations for World Order," ibid, pp. 128-9.

Issues of war and peace constituted a main concern of Mr Pearson's worldview. Best exemplified by the invention of the UN peace-keeping forces, peace became a hallmark of Pearsonian foreign policy. "Sure as the Dutch made cheese, and the Danes made teak furniture, Canadians were supposed to make peace," quipped a senior diplomatist.[580] Peace, though, can only grow from security. However genuine his devotion to North Atlantic economic and social integration embedded in NATO's Canadian Article, the pact was first and foremost a regional security organization, a bullwark against aggressive Communism, with a non-military sugar-coating to no small extent aimed sweetening an otherwise less enticing policy alternative for the alliance-weary Canadian public.[581] Certainly economic collaboration was not to interfere with NATO's defense objectives. In a statement to the NATO Council in 1949 Mr Pearson was eager "to allay fears that we were pushing NATO into economic activities for which it might not be suited."[582] Besides, the price of alienating the "American friends," never overly enamoured of the Canadian Article, would have been quite unacceptable to Mr Pearson. For whatever foreign political differences might strain continental relations, Mr Pearson's ultimate trust in the US, especially as a guarantor of Canadian security, survived unshaken.

The outline of the Atlantic Community phenomenon was at best tentative in Mr Pearson's own mind. Forced by Mr Diefenbaker to declare himself, the Liberal leader adumbrated an association not

> based on complete free trade, which does not give up control of separate customs duties but which is based on the development of an area where there will be freer trade between those members than exists at the present time and which perhaps one day will lead to the kind of association you have in a full state. When I say "one day," I am thinking far into the future.[583]

Once allowance is made for an opposition party's greater license, unfettered as it is by the immediate responsibility for policy implementation and eager to be identified with alternatives distinguishing it from the government of the day, this hazy scheme possessed certain recurrent themes. Among them ranked liberalized trade and the evolution of a transatlantic consultative structure reminiscent of NATO's Article II, rendered more palatable to the most hesitant of Atlanticists, not all of whom were to be sought outside the Liberal Party. True, the wider transatlantic free-trade area had been peddled by the Liberals throughout the Diefenbaker era, although the ball was carried chiefly by Mr Pearson himself and some of his most senior lieutenants such as M. Chevrier.[584] Liberal advocacy carried questionable conviction, though. The prospect of leaving Canadian manufacturers and agricultural producers unprotected against US and European competition simultaneously sufficed even for many a Liberal MP to "squirm in their seats, particularly those who come from areas where industrial goods, textiles, and footwear are produced."[585]

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[580] Cit. by Richard Gwyn, *The Northern Magus. Pierre Trudeau and Canadians* (Toronto: McClelland and Stewart, 1980), p. 293.
[581] For a discussion see also *supra*, Chapter 3, and *Mike II*, pp. 40-1, 55-57.
[582] Ibid, p. 65.
[583] *Hansard*, 18 March 1959, pp. 1974-5.

Notwithstanding the inoffensive vagueness with which the new Government's Speech from the Throne skirted the subject,[586] Atlanticism was included as part and parcel of Mr Pearson's foreign political objectives. For the new Prime Minister displayed genuine pain at the realization that the Atlantic Community "at least in its institutional expressions, has lately been marking time."[587] Throughout the period under consideration here, the concept lingers on in Liberal rhetoric.[588] Such an indeterminate Atlantic Community held forth, or so it seemed, promise of a more imaginative approach which might just salvage some of the debris left from President Kennedy's hapless "Grand Design," severely battered by Britain's exclusion from the European Community in 1963. Conceivably, this might have entailed a rapprochement with the EC and warmer, more frequent intercourse indicative of movement in the general direction of complex interdependence. Yet the Pearson cabinet's stance towards the Community, if for different reasons than under Mr Diefenbaker, would also have been flattered by the nomer "policy" and can generously be summarized as analogous to the British Foreign Office's attitude towards the League of Nations: "caution, though cordial caution."[589]

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[584] European resonance to this scheme was far from totally negative. German Chancellor Dr. Ludwig Erhard presented a North Atlantic common market as a second stage to follow an accommodation between the Six and the Seven without Britain immediately surrendering her Commonwealth preferences. Mr Erhard is cit. by Bruce Hutchinson, "Only Atlantic Free Trade Can Start Us Growing Again," *Maclean's*, 11 February 1961. The problems standing in the way of this scheme were of "political will" rather than of a technical ilk, Erhard believed. Staunchly pro-marketeer then, Mr Hutchinson has recently changed his tune on the subject. In his memoirs, *The Far Side of the Street* (Toronto: Macmillan of Canada, 1976), pp. 338-9 and 348-9 he nostalgically grieves over the ineluctable loss, following adhesion, of the blissfully anachronistic British way of life which he crossly set apart from the continent's technocratic pragmatism.

[585] *Hansard*, 22 March 1960, p. 2319. According to Mr Terry Nugent's count only eleven Liberals attended when one of Mr Pearson's Atlantic free trade amendments was moved.

[586] The reference reads: "My government is convinced that on the foundation of the present alliance a true community of the Atlantic peoples will one day be achieved." *Hansard*, 16 March 1963, p. 6.

[587] Mr Pearson in an address to the "Pilgrims of the United States" in New York City, *External Affairs* 15:12 (December 1963), p. 422. Had the Prime Minister merely aimed to score domestic political points against the predecessor Tory government he selected a singularly unsuited audience.

[588] For instance "Canada and the Atlantic Community. An Address by the Honourable Paul Martin, Secretary of State for External Affairs, Cleveland, Ohio, U.S.A., On March 4, 1965," *External Affairs* 17:4 (April 1965), pp. 123-8.

Admittedly the new Liberal government based its relations with the EC upon a sounder assessment of the Community as a unit actor in international affairs. Its presence was unmistakably, and occasionally painfully, driven home to Ottawa in GATT's "Kennedy Round." For the first time jointly represented by the EC Commission, the Six reaped the spoils of the accruing economic prowess by locking horns with the US over the final formula guiding the negotiations. Ottawa readily deferred to the EC's pivotal role, acknowledged by Mr Sharp who spoke in the House about "the big three world traders, the United States, Britain and the European Economic Community,"[590] in whose hands rested the future of world-wide trade liberalization. "The ECM will have a major voice in the development of world-wide trade policies," declared Secretary of State for External Affairs Paul Martin at a widely publicized CIIA function, "and ... The Six can speak with a determined mind of their own when they wish."[591] That final cautious conditional turned out arrestingly perspicatious. For the Kennedy Round coincided with the exasperating French walk-out, since dubbed the empty-chair-policy, which all but paralyzed agricultural decision-making in the Community machinery. As a consequence, GATT agricultural talks were halted in their tracks because, unable to make up its collective mind without French input, the EC was prevented from formulating a common stance at Geneva.[592] Far from simplifying the task of the multilateral trade forum, the resolution of intra-EC wrangling prerequisite for clear instructions to the Commission representatives injected, if not an added element of uncertainty, a not inconsiderable source of frustration for third parties. Mr Pearson's loudly audible sigh of relief at the logjam's apparent loosening was indubitably echoed elsewhere.[593]

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[589] United Kingdom, Foreign Office, *Documents on British Foreign Policy, 1919-1939*, 2nd Series, Vol. I (London: H.M.S.O., 1946), p. 330.

[590] *Hansard*, 5 July 1963, p. 1875. See also ibid, 24 May 1963, p. 232.

[591] Paul Martin, "An Address by the Secretary of State for External Affairs to the Annual Dinner Meeting of the C.I.I.A., in Quebec City, June 8, 1963," S/S 63/14, p. 3.

[592] For a general overview of the EC machinery's functioning in the GATT context consult Stephen D. Cohen, *The European Community and the General Agreement on Tariffs and Trade* (Washington, D.C.: European Community Information Service, 1975), passim. For the impact of the episode upon Canada at GATT, see for instance "The Kennedy Roundabout," *Canadian Business* 39:5 (May 1966), p. 87 and *Hansard*, 22 October 1964, p. 9310.

Advancing European integration, then, rendered the international environment more complex for Canadian decision-makers, bearing out the Brookings Institution that "[u]nless Western European countries act in unity, the EEC will be a stultifying rather than a creative element in the reorganization of the international economic order."[594] Contrary to Mr Diefenbaker's sulky denial posture, though, the Liberals drew more constructive conclusions. Subsequent to CET's full implementation, an article in the quasi-official *Foreign Trade* commented on the maintenance of direct and frequent communications between Ottawa and the EC's headquarters through Canada's Brussels mission. Complementary and additional to trade relations with the six Member States, these contacts sought to "cope with the transfer of authority to the new regional organization by developing trade relations with the latter."[595] Anticipating some of the verbiage rationalizing Mr Trudeau's contractual link with the Community, this forms a clear departure from Tory precedents.

To be sure, Prime Minister Pearson showed few if any of his predecessor's prejudices against the EC. Nor did he indulge in Mr Diefenbaker's serene Commonwealth dream. Before the Kiwanis and Rotary Clubs of London (Ontario) Mr Pearson rejected as "quite unrealistic" any expectations "that we will carry on as before, with Commonwealth preferences intact, and GATT for tariff reductions in the old way."[596] Neither this recognition nor the Prime Minister's latent philosophical sympathy for Europe's integrationist venture, however, translated into novel overtures to the EC with which Canada's relations lapsed back into a lulling business as usual. Until London's second adhesion bid carried the matter back into the limelight, rather less glaring than in 1961, Canada-EC relations were rapidly eclipsed as Ottawa's foreign political attention was riveted on this country's involvement in Vietnam and the ramifications on Canada-US ties, the recognition of and admission to the UN of Red China, peacekeeping in Cyprus,

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[593] Mr Pearson said: "Perhaps in this case it will be the dark before the dawn." *Hansard*, 12 May 1967, p. 132.

[594] Cit. in Ernst van der Beugel and Max Kohnstamm, "Western Europe and America in the Seventies," *Atlantic Community Quarterly* 10:2 (Fall 1972), p. 309.

[595] "Canada's Trade With the EEC," *Foreign Trade* 30 (6 July 1968), p. 23.

[596] Rendered in CIIA, *Monthly Report* 2:1 (January 1963), p. 9. In the same vein is Paul Martin, "Canada and the Commonwealth. An Address by the Honourable Paul Martin, Secretary of State for External Affairs, to the Canadian Club in London, Ontario, 12 April 1965," S/S 65/11.

North-South relations, as well as, in the EC area, the rollercoaster of Franco-Canadian relations.

Aside from the primacy assigned the US,[597] Liberal foreign policy under Prime Minister Pearson was predicated on three sweeping strands:

> *First*, pending the attainment of universal collective security, we must maintain regional security, strengthen those traditional associations with other free nations on which a good deal of world security and progress depends and pursue all the normal interests, such as trade and immigration, on which our own national well-being has also depended. *Second*, at the same time, we must pursue vigorously in the United Nations the objectives of peace, economic and social welfare and human rights. We must cultivate friendly relations with the newly-independent nations and with all states in the spirit of enlightened internationalism. *Third*, Canada and like-minded nations must take all opportunities in direct relations with the Communist nations to make our intentions clear, to respond to changes in the Communist world which offer possibilities of a more normal relationship and to advance specific interests of trade, information and protection of individuals. In this way, some of the basic tensions affecting the world generally may be lessened.[598]

Albeit tangential, occasional censures of regionalism might be read as vicarious references to the EC and EFTA. Whether as a geographic entity or broken down into its individual components, "Europe" must fit into the wider scheme of Canadian foreign policy:

> In spite of the achievement of independence by many new nations in the past decade and the changes in international obligations which this and other developments have caused for Canada, Europe remains a primary focus of interest for us. Within Europe, what do we seek? For my part, I believe it self-evident that our interest lies in a stable Europe whose internal difficulties will not constitute a threat to the peace of the world. This will require ultimately a German peace settlement and an end of the present division of Europe.[599]

The agreeable reverse of the comparative Canadian aloofness *vis-a-vis* the geographic region "Europe" and thus, by extrapolation, the EC as one of its components, is the abstinence from grossly harmful threats. To some extent this was enlightened self-interest by a country as dependent on international trade as Canada which, in the Prime Minster's bland words, would be "very foolish indeed" to "prejudice ... good relations with ... trading friends."[600]

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[597] Newman aptly summarizes it as follows: "He set the course for his country in the joint communique that was issued following his meeting with President John F. Kennedy in May of 1963, which stressed "the vital importance of continental security ... bilateral defense arrangements ... fulfillment of Canada's existing defense commitments to North America and Europe ... rational use of the continent's resources: oil, gas, electricity, strategic metals and minerals and the use of each other's industrial capacity for defense purposes in the defense-production sharing programs ... a positive and co-operative manner with developments affecting their international trade and payments ... co-operative development of the Columbia River ... joint cabinet-level committees on trade and economic affairs and defense." Newman, *Distemper*, p. 228.

[598] Paul Martin, "Three Lines of Approach to Canadian Foreign Policy. Note for an Address by the Honourable Paul Martin, Secretary of State for External Affairs, at a Concert Celebrating the Twenty-Fifth Anniversary of the Ukrainian Canadian Committee in Winnipeg, on October 10, 1965," S/S 65/26, p. 2.

[599] Paul Martin, "Canada and NATO. Statement Before the Senate External Affairs Committee, March 15, 1967," in his *Paul Martin Speaks*, pp. 43-4.

Only once did a prime ministerial statement on NATO raise diplomatic eyebrows. Delivering himself before the Canadian Club of Ottawa of a speech apparently not cleared with the Department of External Affairs,[601] Mr Pearson advanced a two-part Atlantic Community proposal because

> we may have to consider new arrangements by which Europe takes responsibility for the security of one side of the Atlantic, North America for the other, with interlocking co-operative arrangements for mutual assistance against attack.
>
> I do not suggest that such a development in the Atlantic Alliance is going to take place this year or next. Nor do I suggest that anything we do should run counter to the building up of the Atlantic Community in every way open to us.[602]

However, the Prime Minister deemed any organic growing together "impossible at the moment" since obstreperous France must needs form part of any functioning Atlantic Community. Rereading of the 1964 defence *White Paper* (notorious for propounding the unification of Canada's armed forces rather than a radical review of overall defence policy) and copious subsequent statements by Messrs. Martin and Hellyer[603] soon dispelled most of what agitation the Prime Minister may have engendered in NATO capitals about any serious menace to Ottawa's military contribution over the next few years.

A recurrent metaphor pervading the foreign political oratory of the Pearson administrations was the notion of a "link" more firmly bonding the constituents of the North Atlantic region. Used in various contexts, it is largely left up to the audience's imagination to determine its shape or its effects on the desired integration. For instance, Britain inside the EC was cast not only in the part of "link between Europe and America" generally precluding the development of Europe into "an isolate third force,"[604] but also, more specifically, as giving Canada a direct conduit into the EC machinery proper.[605] In a more encompassing vein, Secretary of State for External Affairs Paul Martin posed the ensuing rhetorical question before the Senate External Affairs Committee: "As a North American nation in a world moving toward continentalism, is it not in our national interest to develop every reasonable link--political, economic, military, social and cultural--with the countries beyond the Atlantic?"[606] Only once, visibly shaken by the impact of France's partial withdrawal from NATO, did Mr Pearson formulate the contours of his ultimate vision when he called for "common, unifying political institutions which would provide for collective foreign and economic policies, as well as a genuinely collective defence."[607] Even if one dismisses large amounts of such rekindled Atlanticism as catering to the, in this instance, receptively predisposed audience rather than an earnestly projected scenario, the gist of this statement and the preceding ones suggests wide-ranging implications under this study's analytical framework. Such remarks conjure up the vision of Ottawa pursuing, with some deliberation, at least one facet of complex interdependence, namely transgovernmental and transnational connections.

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[600] Lester B. Pearson, "Extracts from an Address by the Right Honourable Lester B. Pearson, Prime Minister of Canada, to the Canadian Club of Ottawa, February 10, 1965," S/S 65/3, p. 2.

[601] Alleged by John Bird, "Did Pearson Hint Canada, U.S. Will Let Europe Go It Alone?" *Financial Post*, 13 March 1965.

[602] Pearson, "Address to the Canadian Club of Ottawa, February 10, 1965," S/S 65/3, p. 3.

[603] For instance *Hansard*, 7 December 1966, p. 10817 and Martin, "Canada and NATO," passim.

[604] Pearson, "An Era of Change," S/S 67/40, p. 6.

Undeniably the EC featured in Mr Pearson's Atlanticist schemes. For notwithstanding the premium placed upon harmonious continental relations, true to the apothegm which casts the Americans as inescapably "our best friends, whether we like it or not,"[608] the Liberal government was not as resigned to seeing Canada relegated to but the "northern extension of the continental economy" as imputed by some critics.[609] Mr Pearson's policy was instead predicated on the assumption that cordial relations with the United States and an independent Canadian foreign policy posited no irreconcilable alternatives. Therefore, economic diversification, spoken for with most emphatic articulateness by Finance Minister Walter Gordon, formed one plank of the Liberals' external platform. "I am not revealing any secret when I say that our economic relationship with our giant neighbour is of tremendous importance to us and is likely to remain so," Mr Martin observed when welcoming EC Commission President Jean Rey on 8 September 1967. But, he went on, "we are extremely conscious of the fact that, unless we can diversify the sources of our trade and investment, our very survival as an independent nation may be in jeopardy."[610] The *Caravelle* case demonstrated, however, the government's unwillingness to provide true political impetus to commercial diversifcation with Western Europe. By the early 1960s Trans Canada Airlines' (TCA) fleet of British-made Vickers *Viscount* turbo-props was rapidly becoming obsolescent and in need of replacement. A strong contender was a French twin jet, Sud Aviation's elegant *Caravelle*. Advertising though he did the "advantanges of placing this contract in a country with which we had an unfavourable balance," the Prime Minister refrained from actively intervening in TCA's decision on a new short-haul plane despite his known "hope that, other things being equal, we would buy a British or a French plane."[611] The crown corporation, however, remained equally impervious to Mr Pearson's hints as to Sud Aviation's generous offset package under the terms of which Canadair of Montreal would manufacture the airliner; nor did a demonstration by Montreal students outside TCA's chairman's office make any more of an impression. The airline determined against the *Caravelle*.[612] To be sure, TCA/Air Canada had not always been so reluctant to purchase European aircraft. Its much vaunted all turbine fleet of the early 1960s was overwhelmingly of British origins save for the long-range DC-8, an American airliner. Ironically, the eventual winner, Douglas' DC-9, did not even receive mention in an article discussing the probable successor to the aging *Viscounts*.[613] As it turned out, this decision was to set a precedent for Canada's diversification towards the EC.

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[605] See CIIA *Monthly Report* 6:9 (September 1967), p. 104.

[606] Martin, "Canada and NATO," p. 47.

[607] Lester B. Pearson, "The Western World in Search of a Vision. An Address by the Right Honourable L.B. Pearson, Prime Minister of Canada, at the Atlantic Union Award Dinner, Springfield, Illinois, June 11, 1966," S/S 66/27, p. 4.

[608] Robert Thompson, cit. by Peter C. Newman, "Crossed Fingers Along the Longest Pretended Border," *Maclean's*, 23 March 1981.

[609] George Grant, *Lament for a Nation. The Defeat of Canadian Nationalism* (Toronto: McClelland and Stewart Limited, 1970), p. 8. Grant never clarifies the inherent contradiction between speaking of a "continental economy" and Canada's forming but an "extension" thereof.

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[610] Mr. Martin cit. in "Canada and the European Communities," *External Affairs* 19:12 (December 1967), p. 513. Note that Mr Martin's Parliamentary Secretary had used some of the same phrases verbatim before when addressing the Council of Europe, ibid, 19:5 (May 1967), p. 178.

[611] Pearson, *Mike III*, p. 263.

[612] See H. Bruce, "The Caravelle Uproar," *Maclean's* 25 January 1964. The full story is told in David Corbett, *Politics and the Airlines* (Toronto: University of Toronto Press, 1965), pp. 281-2.

[613] See "Facing the Future," *Saturday Night*, 14 April 1962, p. 20.

C. Structures, Issues, and Processes

Enlargement

After the excitement over the British accession bid had abated in Canada, the European Community *qua* object of Canadian foreign policy, as it did throughout the Commonwealth,[614] receded again into relative insignificance. To this attest at least three telltale indicators. Nowhere is the European Community to be found in the index to the third volume of Lester B. Pearson's *Memoirs*. No major policy statement clarifying Canada's policy on the EC, assuming one existed, is included in the Department of External Affairs' compendium of *Statements and Speeches* from 1963 to 1968. Finally, the official chronology of Canada-EC interactions, issued by the Commission of the European Communities by way of introduction to the newly-forged contractual link, features a decade's lacuna between the November 1959 signature of the Canada-Euratom agreement and October 1969 when the first high-level working party of Eurocrats and Canadian officials gathered in Ottawa.[615]

Hence, the EC became most notable for its absence from official pronouncements save for tangential references to it as a fellow participant in multilateral trade negotiations. In his 22 May 1964 foreign policy statement in the Commons, for instance, Mr Martin refers specifically to France and the Federal Republic of Germany as well as NATO, but fails to give any kind of billing approaching this to the EEC.[616] Consequently, it warranted no hierachy of issues to govern interactions between Ottawa and Brussels, though this is scant grounds for exuberance: Keohane and Nye's framework is satisfied only through the intentional dismantling of the Realist issue hierarchy by the decision-makers. Thankfully the anaylsis is not entirely reduced to this inconclusive finding. Few informed observers were surprised by Prime Minister Wilson's announcing on 2 May 1967 Britain's determination to reopen membership negotiations with the EC. The Pearson government's reaction makes for illuminating comparisons and contrasts to its predecessor, indicative of changing Canadian attitudes.

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[614] See J.D.B. Miller, "The Commonwealth After De Gaulle," *International Journal* 19:1 (Winter 1963-64), esp. pp. 30 and 37-8.

[615] Chronology appended to Commission of the European Communities, Information Directorate General, "Towards a New Partnership: The European Community-Canada Framework Agreement," *Information* 134/76, Annex 2. More recent versions, such as contained in Commission of the European Communities and Canada, Department of External Affairs, *Canada and the European Community* (Ottawa: Department of External Affairs/Delegation of the Commission of the European Community, 1979), p. 17, interject the accreditation of Canada's ambassador to Belgium to the EC in 1960, but then leap to the October 1972 call by the European Council for a "constructive dialogue" *inter alia* with Canada. See also the more complete chronology *infra*, Appendix B.

[616] Paul Martin, "Canadian Foreign Policy in a Changing World, Statement to the House of Commons on May 22, 1964, by the Secretary of State for External Affairs, the Honourable Paul Martin," S/S 64/13.

After de Gaulle's snub the United Kingdom had not let her contacts with the European Community lapse back into their pre-application state. In an attempt at securing the "guarantee of good faith" laid down in early 1963 as mandatory for the initiation of a second membership bid,[617] London strove to build a reputation of "good Europeanness" inside other bodies. To this end Britain breathed new life into the moribund WEU through quadriannual consultations under its auspices.[618] By 1967 the efforts seemed to pay off. As in 1961-62, a spate of European visitors, attracted for the most part by Expo rather than the prospect of proselytizing for the potentially unpopular EC enlargement here, laid the diplomatic equivalent of the pre-attack artillery barrage. Worthy of special mention among them were the first President of the Communities' recently unified Commission, Jean Rey,[619] and Belgium's Paul-Henri Spaak to whom it unequivocally "looked like now or never for Britain to join the Common Market."[620] With Viscount Amory, Britain fielded the most seasoned veteran by far. As a private citizen happily divested of the diplomatist's shackle "that his public utterances must if possible be urbane but must never in any circumstance add anything to existing knowledge,"[621] the Viscount duly launched into a whimsical oration to the august Empire Club warming over his main selling points of 1961-62: Britain simply could and would not permit a self-centered and exclusivist EC. Besides, a UK rejuvenated economically through EC membership would benefit Canadian exports while simultaneously advancing the cause of the North Atlantic Community and, by extrapolation, cement the western alliance.[622]

Vicount Amory's thrust implied expectations of battling the old familiar foes again. Disapproving incredulity at Britain's stubbornly quixotic quest for the "Holy Grail" of adhesion apart,[623] many well-worn arguments of early 1960s vintage re-surfaced in Canada. The dreaded merger of the Six with the Seven, with relief judged "remote" subsequent to the breakdown of the first Brussels round,[624] must now be confronted again as several EFTA members, most stridently Austria, hankered after closer ties to the EC.[625] Although a wholesale grafting of EFTA onto the EC could safely be ruled out due to certain political constraints, the emergence of a "Titan Ten" was credibly presaged by the *Financial Post*'s Europe-watcher Ernest Waengler.[626] Eurocrats themselves fully anticipated the joint admission of Ireland, Denmark, and Norway together with Great Britain. The prospect of Canadian products competing on unequal terms against Scandinavian products in the Community loomed in some minds.

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[617] "Latest Developments in E.E.C. and E.F.T.A.," *Industrial Canada* 63:12 (April 1963), p. 15.

[618] See "Latest Developments in E.E.C. and E.F.T.A.," *Industrial Canada* 64:7 (October 1963), p. 17.

[619] See CIIA *Monthly Report* 6:9 (September 1967), p. 103.

[620] CIIA *Monthly Report* 6:5 (May 1967), p. 69.

[621] Viscount Amory, "Britain, Canada, Europe and the Atlantic Community," 30 March 1967, *Empire Club Addresses 1966-67* (Don Mills, Ont.: T.H. Best Printing Company Limited, 1967), p. 308.

[622] Ibid, esp. pp. 316-8.

Predictable noises arose over dangers to Canadian exports of foodstuffs. One wishful parliamentarian went so far as to speculate on the common market structure's imminent collapse as the haltingly unfolding CAP encouraged French withdrawal of support from the integrative process as a whole.[627] These sentiments were amplified when in 1967, as in 1962, progress towards the full implementation of CAP was agonizingly felt in Canada with temporary sharp contractions of shipments to Europe.[628] Inseparably tied thereto was the concern, most pointedly articulated in the House by A.B. Patterson, lest Britain "dump Canadian safeguards in a headlong dash to enter the common market."[629] Mr Patterson's exaggeration apart, there were some grounds for worry. Certainly, Canada had this time been informed early on by the President of the Board of Trade of London's intent to accede on the proviso that "the essential interests of Britain and the Comonwealth countries were safeguarded."[630] According to Trade Minister Winters, the Chancellor of the Exchequer also proffered personal guarantees: "Commonwealth interests would be protected to the greatest extent possible."[631] But the ubiquitous qualifiers fuelled lingering doubts, not reassurance. Experts were less than convinced that Britain would undermine her bargaining position in Brussels by perfervidly embracing the Commonwealth proxy.[632] Burnt once, Whitehall was evidently determined not to afford Canada, or for that matter any other Commonwealth member, the opportunity for an *encore* to the 1961 Accra debacle. In 1967 Whitehall refrained from soliciting collective Commonwealth views. This issue, which had served as a pretext for the Diefenbaker government to dig in its heels in defence of an hierarchy among issues dominated by the maintenance of the Commonwealth systems of preferences, elicited a substantially different reaction from the Pearson government.

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[623] The parable is drawn by Peter Kirk, "London Letter: Europe: Wilson's Holy Grail," *Saturday Night* 82:2 (February 1967), p. 20. Aside from comic relief, the article is notable for its shrewd analysis of the singularly unpropitious timing of Mr Wilson's gambit. European attention and energies were sidetracked into the final phase of the Kennedy Round, the fusion of the three EC commissions, to say nothing of upcoming elections in France.

[624] See "EFTA After the Break," *Financial Post*, 27 April 1963.

[625] For examples see "European Free Trade Association," *Industrial Canada* 67:1 (November 1966), p. 20 and 67:3 (January 1967), p. 14.

[626] Ernest Waengler, "Largest Economic Unit in World If Super Six Becomes Titan Ten," *Financial Post*, 28 October 1967.

[627] Mr Olson in *Hansard*, 12 December 1963, p. 5766.

[628] See L.R. Rigoux and Sol Sinclair, "Canadian Agriculture and the Common Market: Developments and Trends," in Peter Stingeling (ed.), *The European Community and the Outsiders* (Don Mills, Ont.: Longman Canada Limited, 1973), p. 64.

[629] *Hansard*, 7 July 1967, p. 2386.

Perhaps the most notable throwback to the vitriolic polemics sparked by the first accession bid appeared in the prestigious *Canadian Business*.[633] R.L. Rowney advanced the thesis that EC membership is, in the final analysis, economically advantageous neither to Britain nor to the Commonwealth, necessitating forceful opposition by all Commonwealth governments whom he accused of neglectful quiescence. With a nostalgic glimpse at the Commonwealth preferences, Rowney in no uncertain terms insisted that Ottawa "let London know in clear, loud tones its thinking on the subject."[634] It is doubtful, however, whether the Liberals' "thinking on the subject" would have met with Mr Rowney's approval. Neither the perceived nor the actual environmental conditions hemmed Mr Pearson into intransigent obstructionism. The renewed debate over the implications of Community enlargement, such as it was, was carried out with considerable equanimity and little outright opposition. In part this may have been caused by the coincidence, contrary to 1961-62, with a hiatus between London's early declaration of intent and the actual instigation of discussions. More importantly, agreement was widespread that circumstances in 1967 put an altogether more benign face on the matter. Having outlined the (short-term) arguments *con* and *pro* (long-range), one business voice proceeded optimistically:

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[630] Mr Winters reporting on his visit to Britain, *Hansard*, 27 June 1966, p. 6852.

[631] *Hansard*, 28 November 1966, p. 10446.

[632] For instance Miller, "Commonwealth After De Gaulle," p. 38.

[633] R.L. Rowney, "The EEC Challenge to Canada," *Canadian Business* 40:10 (October 1967), pp.63-4, 6.

[634] Ibid, p. 64.

> However, the main argument for joining now is not economic but political. There can surely no longer be objections from the viewpoint of the British Commonwealth. Its members do not nowadays rely on Britain, but are pressing on with independent development programmes and have thus reached a stage at which they might gracefully encourage Britain to increase her links with Europe. The Commonwealth is indeed likely to be strengthened rather than weakened if Britain gets into the market--provided suitable arrangements are made for New Zealand, whose agriculture depends on sales to Britain. Canadian ministers who attended the Anglo-Canadian economic committee favoured the British application.[635]

However idealized this serene portrait, it remains significant that it failed as a cue for the previously encountered loud chorus of pro-Commonwealth blues. To some this was symptomatic of what Theodore Geiger described as an "inward focus" of Canada's "psychic energy and rational considerations," drained away from international commitments into concerns over American threats to Canadian identity and federal-provincial conflicts, precipitated mainly by an assertive Quebec, increasingly lapping over into the foreign policy domain.[636] Geiger's hypothesis ferrets corroboration from parliamentary statements such as Mr Howard's who demoted NATO to "primarily a European structure" deserving less, if any, Canadian attention.[637]

Canada in 1967 also found herself in an eminently more secure position in the international economic system. To the surprise of practically all participants, GATT's "Kennedy Round" had been brought to a satisfactory conclusion. Sizeable reductions in EC tariffs would serve to cushion losses in Commonwealth preferences precipitated by British accession by eliminating or narrowing the margin of advantage enjoyed by Community products.[638] Irrespective of Canada's unblushing self-assessment as struggling "at the forefront" of liberalizing forces in the international economic system,[639] thanks to shrewd diplomacy she emerged from the Kennedy Round well equipped with future tariff bargaining chips, if short of potential partners.[640] The patent failure of tariff barriers to keep American dominance at bay, encouraging them instead to set up shop behind them, fortuitously combined with the enhanced competitiveness of Canada's technically efficient secondary industry to cause a scan for diversifying alternative markets outside the continentalist connection and, to a certain extent, also away from Europe towards Japan and the Communist bloc.[641] Still, western Europe retained its importance as one side of the triangular North Atlantic community envisaged by Mr Pearson. British membership thus supplied a "new link" with the EC as "compensating benefits" for any immediate economic liabilities.[642]

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[635] "England," *The Canadian Chartered Accountant* 91:1 (July 1967), p. 38.

[636] Theodore Geiger, *Transatlantic Relations in the Prospect of an Enlarged Community* (London: British-North America Committee, 1970), esp. p. 46.

[637] *Hansard*, 17 February 1966, p. 861. Other speakers depicted as superfluous Canada's military presence in western Europe. See *Hansard*, 8 March 1968, p. 7429.

[638] See *Foreign Trade* 1 July 1967, p. .

[639] See Mr Winters in *Hansard*, 14 October 1966, p. 8663.

[640] This theme surfaces in H. Edward English, Bruce W. Wilkinson, H.C. Eastman, *Canada in a Wider Economic Community* (Toronto: University of Toronto Press for the Private Planning Association of Canada, 1972). See also Gilbert R. Winham, "Bureaucratic Politics and Canadian Trade Negotiation," *International Journal* 34:1 (Winter 1978-79), pp. 67-71.

Consequently, there was little perceived need and no willingness on the part of the Pearson government to fan shrill excesses of misplaced patriotism which, in 1961–63, had contributed to a deteriorating image of the Community and British adhesion in Canada complemented by a similar deterioration of Ottawa's diplomatic credit in Brussels. The Opposition, in rather lackadaisical efforts at righteous indignation, inquired whether "strong representations" had been made to the UK in order "to safeguard Canada's traditional free entry into the British market."[643] The New Democrats seemed most concerned that Canada's position be clarified early so as to preclude the fevered crisis atmosphere of 1961–62.[644] Only Mr Diefenbaker managed to sound fulminant when he took the government to task with his characteristic staccato of parliamentary queries:

> What has the government of Canada, aside from silence, done in the face of a situation which, if the United Kingdom enters the European common market without some qualification, will have a detrimental effect not only on agriculture but also on our aluminum industry and several other industries? Why was there no mention of that?[645]

Mr Diefenbaker further wondered whether the "quite ... large number of Canadian ministers" departing for the UK will, "while admitting Britain's right to make her own decision as to the course she will follow, ... press strongly for the protection of Canadian agriculture in the maintenance of those preferences that are now in existence?"[646] But Liberal front-benchers refused to be drawn. The ministerial mission, retorted the Prime Minister, had every intention not merely to "listen with interest" to any British presentations, but also to "make Canadian interests quite clear" throughout the discussions.[647] As it were, Mr Pearson felt "there had been no change in the European situation" requiring any diplomatic foot to be stomped down heavily in Britain on the understanding that periodic discussions with "Prime Minister Wilson and his new middle of the road government" were forthcoming.[648] Despite Mr Winters' brave assertion that Ottawa was "maintaining the closest consultation with the British government in order to ensure that Canadian trade interests are taken fully into account,"[649] the Liberal government simultaneously admitted to more modest expectations in this regard than its predecessor. Rather than insisting upon summaries of "all conversations" between Britain and the EC, the cabinet was satisfied to be kept "pretty well up to date on what is taking place there,"[650] chiefly through the vehicle of continuous Anglo-Canadian consultations "on economic matters generally."[651]

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[641] These economic arguments are detailed in Roy A. Mathews, "Britain and the Common Market: A Contemporary Canadian View," *Behind the Headlines* 27:3 (April 1968), esp. pp. 9–14. Regarding the shift particularly of Canadian wheat trade to Communist countries see *inter alia* the statement by Mr Hamilton, *Hansard*, 12 December 1963, p. 5761.

[642] CIIA *Monthly Report* 6:9 (September 1967), p. 104.

[643] *Hansard*, 1 April 1966, p. 3716; see also ibid, 21 April 1967, p. 1581.

[644] For instance Mr Lewis in *Hansard*, 28 November 1966, p. 10 434.

[645] *Hansard*, 10 May 1967, p. 43.

All of the foregoing lends credence to Mr Martin's pledge, similar to those given by the Conservatives, of non-interference with Britain's deliberations whether to formally apply for EC membership.[652] It bolstered British press allegations imputing official Canadian blessing for the gambit,[653] definitely in consonance with Mr Pearson's bold conviction that "Britain should be a central and integral part of the new Europe."[654] Any Canadian influence which might have been brought to bear upon London, then, was pro- rather than anti-European, an impression reinforced by an unjudiciously unpearsonian and intervenient barb against France: "I naturally think it wrong and unwise for any European country to oppose or put unnecessary obstacles in the way of Britain playing a full and constructive part" not just as an EC member but, other things being equal, as "the link between Europe and America, the position which has so often been given to Canada."[655] Refreshing though this must have felt to the British government given London's previous experience with Canadian parochialism on the EC question, it is doubtful that Prime Minister Pearson contributed much to advance Britain's cause in Paris, to say nothing of Opposition reproach. "Monday morning in London," fumed Mr Gregoire, "the Prime Minister ... saw fit to depart from every Canadian custom by meddling in an inadmissible manner with internal political matters involving England and France, and by seeking to dictate to France a political course of action."[656]

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[646] *Hansard*, 14 April 1967, p. 14915.

[647] Ibid.

[648] *Hansard*, 1 April 1966, p. 3716.

[649] *Hansard*, 27 September 1967, p. 2557.

[650] Mr Winters in *Hansard*, 16 February 1967, p. 13108.

[651] Mr Martin in *Hansard*, 18 March 1966, p. 2859.

[652] Mr Martin said verbatim: "... the decision whether to apply is, of course, one for the British government itself to take in light of all the relevant considerations." Cit. in CIIA *Monthly Report* 6:9 (September 1967), p. 103.

[653] CIIA *Monthly Report* 6:4 (April 1967), p. 47.

[654] Lester B. Pearson, "An Era of Change for the Commonwealth and NATO. Speech by the Right Honourable L.B. Pearson, Prime Minister of Canada, at the Mansion House Luncheon, London, England, November 27, 1967," S/S 67/40, p. 5. See also Mr Martin's speech to the Commonwealth Correspondents' Association in London rendered in part in CIIA *Monthly Report* 6:4 (April 1967), pp. 46-7.

This lone spark in an otherwise drab and dreary parliamentary handling of London's second adhesion bid cast into sharp relief the extent to which the prime ministerial index-wagging was out of sorts with his cabinet's usual carefully guarded reactions. Normally, second-guessing Paris was assiduously abstained from in public: "I, for one," then Minister of Finance Mitchell Sharp advised the CMA's Annual Meeting in 1967, "shall not join in the game of trying to interpret the press conference of the President of France."[657] Far from oblivious to the possibility of some dislocating effects on Canadian trade, the government made no bones of the "important political and economic interests" upon which EC enlargement might touch. Unlike its predecessor, though, the government failed to jump the gun. "Until the terms for possible entry to the EEC can be foreseen more clearly," said Mr Martin reasonably, "it will not be possible to assess what the effects upon trade between our two countries would be."[658] Claims and adjustments were clearly deferred as the subject of future negotiations in full anticipation of ancillary benefits derivative of an economically stronger UK inside a greater Europe injected with Britain's more internationalist commercial bent.[659] Instead of confronting Europe and the UK with a rigid list of demands subjected to a clearly identifiable hierarchy, the Pearson government flexibly reserved its options. For the Prime Minister, the seemingly imminent fusion of the EC with Britain and at least part of rump-EFTA provided incentive to redouble endeavours on the "multilateral front."[660] As it were, Canadian forbearance was never put to its acid test during the Pearson administration.

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[655] Ibid, p. 5. One must assume that Mr Pearson got carried away in his ire over the French partial withdrawal from NATO. Earlier in the same speech (p. 3) he accused Paris of having "repudiated the whole ideal of collective security falling back on the old and, as I believe, discredited doctrine of national defence by national action--co-ordinated, if you like, in a military alliance but with national sovereignty unimpaired."

[656] *Hansard*, 29 November 1967, p. 4838. Mr Gregoire undertook unsuccessfully to have a debate permitted on the subject.

[657] Mitchell Sharp, "The Outlook for Trade Policy. Text of an Address by the Honourable Mitchell Sharp, Minister of Finance, to the Canadian Manufacturers' Association Annual Meeting, Toronto, May 29, 1967, S/S 67/23, p. 6.

[658] Mr Martin cit. in CIIA *Monthly Report* 6:9 (September 1969), p. 103.

Bilateralism

Canada-European relations did experience a proliferation of interactions with the six Member States under Mr Pearson. Of these, the overwhelming majority perpetuated the traditional genus of formal state visits and diplomatic relations, including such symbolic occasions as the opening by Her Majesty Queen Juliana and Prince Bernard of the Netherlands of Ottawa's tulip festival.[661] Others proved more in tune with complex interdependence by virtue of the personages involved. For instance, Prime Minister Pearson's warm welcoming address for the German Chancellor paid tribute to Dr. Erhard's Atlanticist commitment. The Chancellor's own parting words alluded to transgovernmentalism: "I am deeply satisfied with this visit. No spectacular decisions had to be reached; the real purpose was only to make a personal acquaintance, and to deepen the mutual trust, as well as to draw us closer together in facing our common problems."[662] Yet other meetings arguably fostered transnationalism through intensified cultural exchanges. Examples here include Miss La Marsh's journey to Italy for talks concerning broadcasting and films,[663] resulting in the inauguration in Rome of a Canadian cultural institute that year. Student exchanges were initated in 1965 between the Federal Republic of Germany and Canada offering undergraduates in particular the opportunity to spend three months working and travelling in the other country.[664] Among the Six the

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[659] See Sharp, "Outlook for Trade Policy," S/S 67/23, p. 6.

[660] Mr Pearson cit. in CIIA *Monthly Report* 6:5 (May 1967), p. 65.

[661] CIIA *Monthly Report* 6:5 (May 1967), p. 69.

[662] Cit. in "Visit to Ottawa by Chancellor Erhard," *External Affairs* 16:7 (July 1967), p. 320. For Mr Pearson's welcoming speech see ibid, p. 318.

[663] CIIA *Monthly Report* 5:9 (September 1966), p. 107. Mr Martin visited Italy later that year as part of a roundtrip which also took him to Poland and the USSR and laid the final groundwork for the actual opening of talks for a general cultural agreement with Italy. Ibid, 5:11 (November 1966), p. 125.

[664] "Canada and Germany Exchange Students," *External Affairs* 18:11 (November 1966), pp. 493-5.

Federal Republic was one of two especially favoured with Canadian attention. Mr Martin paid the first ever official visit of a Canadian Secretary of State for External Affairs to Bonn and Berlin (West) in mid-May 1964,[665] returning there in April 1967 for former Chancellor Konrad Adenauer's funeral and exchanges of views with then Foreign Minister Willy Brandt.[666] Aside from Dr. Erhard, Defence Minister von Hassel in the summer of 1966,[667] and President Heinrich Luebke (June 1967)[668] returned the courtesy. The prominence accorded the Federal Republic was attributable to her commercial significance as Canada's third largest trading partner. German co-operation in NATO, especially with regards to the maintenance of this country's nuclear contribution, and, last but by no means least, the unique danger arising from Germany's reunification policy to budding detente eagerly embraced by Ottawa formed further impeti. As far as can be determined, though, none of these interactions were aimed at influencing EC decision-making through the six capitals but strictly furthered Canada's dyadic relations with the Member States themselves.

France, which monopolized the lion's share of Canada's western European political energy, posits a special case. The tempestuous Franco-Canadian relations impacted directly upon Canada-EC interactions. Regrettably, tracing the thrilling path of the Franco-Canadian roller-coaster as such transgresses this study's confines. Suffice it to recall at this juncture that the course plunged from the peak of Mr Pearson's January 1964 journey to France, with the ensuing honeymoon during which Jean-Luc Pepin promoted relations with Paris as the third pillar supporting Canadian foreign policy side-by-side with the United Nations and Commonwealth multilateralism and neighbourly dealings with the United States,[669] to the trough of General de Gaulle's infamous "Vive le Quebec libre" and the unpleasantness flowing from the Province of Quebec's energetic external assertiveness. Paris brutally pressed the thin end of the international wedge into federal-provincial haggling. Lest Ottawa relinquish the initiative in a major area of Canada's external relations to a province on however ramshackle a constitutional construct, the federal government must needs put into place its own network of interactions in the interest of all francophone Canadians (i.e. not just those two thirds resident in Quebec) as much as its own.[670] Hence the strong emphasis on relations with France with their spinoffs for Belgium and Luxembourg as well as *la Francophonie* more generally. But they sapped attention from the Community itself.

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[665] CIIA *Monthly Reports* 3:5 (May 1964), p. 59.

[666] Ibid, 6:4 (April 1967), p. 49.

[667] Ibid, 5:7-8 (July-August 1966), p. 91.

[668] Ibid, 6:6 (June 1967), p. 87.

[669] Jean-Luc Pepin, "Our Relations With France One of The Pillars of Our Foreign Policy. An Address by Mr Jean-Luc Pepin, Parliamentary Secretary to the Minister of Trade and Commerce, to the French Chamber of Commerce in Canada at Montreal, on March 26, 1965," S/S 65/10.

The checkered record of Canadian-French relations affected Ottawa's dealings with the Community in three detrimental ways. General de Gaulle must share in the responsibility for Canada's more navel-gazing pose alluded to *supra* by fanning federal-provincial conflicts and thereby diverting precious energies from the international arena. By precipitating a not dissimilar "constitutional" crisis inside the EC Council, he hobbled the Community too, ironically at a juncture when the confluence of Canadian and European interests *vis-a-vis* the United States was most clearly recognized in France and lucidly articulated by Claude Julien and Jean-Jacques Servan-Schreiber.[671] Second, Paris muddied the waters further by declaring French approval of British accession contingent upon the creation of a special kind of aid fund for the Province of Quebec.[672] Bonn quickly scotched this scheme by introducing NATO into the discussion as the more appropriate forum. In the third area of nuclear relations, the only one already equipped with a formal "contractual link" between Canada and the EC, Ottawa was the culprit responsible for the deterioration.

Euratom

Throughout the Pearson years Canadian-European nuclear relations did not fare well. They became suffused largely by Ottawa's overhaul of its nuclear export policy generally.[673] Since its inception, Ottawa's nuclear sales policy had stressed the use for peaceful purposes. The chink in Canada's armour, however, has been her less than reluctant purveyance of fissile materials to the United States and Great Britain sans strings attached; indeed, throughout the mid-1960s Canada was busily besetting both to purchase more. France was insultingly denied access on the same terms, having crossed Ottawa as the arch-proliferator who derived her military nuclear programme from the civilian instead of the apparently more palatable (to Ottawa) obverse in Britain and the US.[674] Evidence also suggests Ottawa's playing up to Washington's preferences. Miffed by General de Gaulle's imminent recognition of the Peking regime and his determined quest for an independent nuclear deterrent, the US objected to any transfer of material or know-how which might free France's indigenous resources for the embryonic *Force de frappe*.[675]

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[670] Endeavours to develop more fully the Franco-Canadian dyad manifested themselves in a general cultural agreement, which almost immediately spawned student, scientific, and cultural exchanges, admission of Canadian candidates to the incomparable Ecole Nationale d'Administration, business missions, two new Canadian consulates in France opened by the Secretary of State for External Affairs himself, and more. CIIA's *Monthly Report* and the Department's *External Affairs* throughout the Pearson period are replete with references to Canadian-French interactions.

[671] See their well-known volumes: Claude Julien, *Le Canada: derniere chance de l'Europe?* (Paris: Grasset, 1968) and Jean-Jacques Servan-Schreiber, *Le defi americain* (Paris: Denoel, 1967).

[672] See CIIA *Monthly Report* 7:7-8 (July-August 1968), p. 80.

[673] The story is detailed by Ulrich Strempel, "The Forgotten Link. Canada, Euratom, and Canadian-European Nuclear Relations 1959-79," Paper Presented to the European Politics Group Workshop, 12-14 December 1980, Banff, Alberta, esp. pp. 18-30.

Canada-Euratom relations suffered from this political melodrama. The Euratom Treaty's nondiscrimination clause ruled out *ab initio* any supply arrangements with that organization. Once handed over to Euratom, France could no longer be prevented from obtaining some or all of the uranium shipped. Thanks to the recognition by the main purveyors of Euratom's administration, regulation, and control of acquisitions, the Community had matured into a "key factor" in assuring adequate external supplies. It goes without saying that this did enable Paris to earmark domestically produced fissile material for the *Force de frappe* while simultaneously pursuing a civilian atomic power programme.[676] All Canadian purchases by EC members, therefore, would have to be contracted for bilaterally and subsequently sanctioned by Euratom, a common enough practice but not a *modus operandi* likely to endear Canada, or for that matter Euratom, to the French government. One wonders to what extent this entered French policy-making towards the Community. The coincidence with Euratom's political nadir is too startling to go unremarked, though currently accessible documentation precludes splicing together a conclusive correlation. Still, an overreacting Paris may well have thrown out the baby with the bathwater in this instance by incapacitating Euratom from calling Ottawa's bluff--something Brussels was to manage with some success when the Trudeau government followed where Pearson led by trying to up the safeguards ante against the EC.

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[674] Needless to say, this merely added insult to injury since French collaborators had been in on the ground floor of wartime Allied nuclear research, bringing with them to Montreal some invaluable heavy water, to say nothing of their know-how. Even then, their participation had proven a fruitful source of discord especially between Canada and the US. See Wilfrid Egglestone, *Canada's Nuclear Story*, (Toronto: Clarke, Irwin and Company Ltd., 1965), p. 100.

[675] See for instance Clive Baxter, "U.S. Urge Us: 'No Uranium For de Gaulle'," *Financial Post*, 18 January 1964 and his "Behind On-Off-Again Tale of Uranium Sale," ibid, 25 January 1964.

[676] See Lawrence Scheinman, "EURATOM: Nuclear Integration in Europe," *International Conciliation* 563 (May 1967), pp. 17-8. In a pinch, the latter would doubtlessly have borne the brunt of short supplies.

Nor did it cut to the quick of the peaceful uses and safeguards complex. Ottawa's most propitious line of attack would have been to point out Euratom's failure to assert inspection rights at installations declared by Paris as off-limits on grounds of military sensitivity. Thereby the onus of responsibility could have been shifted onto the French themselves. This, however, never appears to have received serious scrutiny in Ottawa. Consequently, Euratom inspection supplemented if necessary by some arrangement with the French government should have provided sufficient guarantee against unwanted diversions of Canadian uranium or technology. When pressed in the House as to the acceptability of Euratom safeguards, Mitchell Sharp evasively pleaded ignorance:

> I ought to say that the Canadian government has not insisted upon a bilateral arrangement whereby Canadians do the inspection. We would be prepared to consider alternative forms of control. I am not certain ... whether the controls under Euratom would be satisfactory, but they are certainly open for discussion.[677]

Considering that France was (still) a *bona fide* albeit rather idiosyncratic member of NATO, the alliance none other than Mr. Pearson had dubbed a "foundation stone of Canadian foreign policy,"[678] one admires the restrained verbiage of the French official declaring his government tired of being "treated like naughty children whose word cannot be trusted."[679]

After considerable zig-zagging, the nuclear exports policy review yielded domestic stockpiling plans to absorb losses on the world market supplementing a scheme which placed all international customers on an equal footing: "[b]efore sales to any destination are authorized, the government will require an agreement with the government of the importing country to ensure with appropriate verification and control that the uranium is to be used for peaceful purposes only."[680] This went a long way towards accommodating France's position, pivoting as it did on equal treatment. But it simultaneously spotlighted the similarly vexing issue of end use control. The ensuing Franco-Canadian dialogue of the deaf remained unresolved during the period under consideration in this Chapter but in the process effectively stifled Canada-Euratom "transgovernmental" co-operation,.notwithstanding slow headway logged bilaterally with some Member States.[611]

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[677] *Hansard*, 28 June 1965, p. 2932.

[678] Lester B. Pearson, "Western European Union: Implications for Canada and NATO," *International Journal* 10 (Winter 1954-55), p. 5.

[679] Cit. in Clive Baxter, "U.S. Urges Us: 'No Uranium for De Gaulle'," *Financial Post*, 18 January 1964.

[680] *Hansard*, 3 June 1965, p. 1948.

Multilateralism

Internationalist impulses were tempered throughout the Pearson administrations by the more mundane demands of Canada's international relations. The Prime Minister's, in some ways commendable, determination not publicly to overshadow his Secretary of State for External Affairs was one reason which prevented Pearsonian Atlanticism from fully asserting itself in Canadian foreign policy between 1963 and 1968. Many Liberal positions, idealistically if even then often half-heartedly espoused on the opposition benches, needed to be jettisoned once returned to power. Especially in international economic relations the Augean stables remained somewhat unswept. The prime instance was Canada's GATT position on free trade and protectionism in agricultural products, a favoured target of the Tories' more effective harrangues.[612] Mr Diefenbaker noticeably unnerved the Prime Minister with allegations of Liberal vascillation in GATT despite brave words rejecting protectionism. Piqued, Mr Pearson snapped back: "I am sure the policy of this government at these international conferences will achieve far greater success ... than the right hon. gentleman was able to achieve during his six years."[613]

On the multilateral plane, the Pearson government undertook little of novelty save for its keener sense for the miscellaneous organizations' interconnectedness. Time and again Mr Martin underlined the utility of OECD consultations as an "important bridge between the European and North American parts of the Atlantic Community" affording in addition the opportunity for informal NATO discussions on the one hand,[614] and wider consultations with other GATT participants of special interest to Canada on the other. According to Trade Minister Winters, GATT and OECD meetings "in many ways complemented each other," greatly enhancing consensus.[685] More relevant to the establishment of complex interdependence between Canada and the EC were Ottawa's efforts at enlisting the OECD as an implementor for NATO's Article II, subjected as it was to Opposition flak. Granting with understatement that NATO had not lived up to expectations fostered by the Canadian Article, Mr Martin called upon "the ancillary and auxiliary actions taken by members of NATO in the organization for economic co-operation and development [sic]" which "go a long way to cover what has not been done under Article 2."[686] While one may quarrel with Mr Martin's relative evaluation of Article II's significance *vis-a-vis* the OECD in the first place, the much vaster constituency of this latter organization did not lend itself to NATO's more regionalist designs. Opposition attacks along these lines[687] were but inadequately countered by styling NATO's non-military mission as only one facet of the Atlantic partnership.[688] On the whole, then, the findings presented in the preceding Chapter regarding the part assumed by NATO's Canadian Article in relations with the Community continue to hold under Prime Minister Pearson.

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[611] For instance a 15 October 1968 agreement between AECL and France's Commissariat a l'Energie Atomique (CEA) of undisclosed terms, smoothing the way for scientific exchanges. These, however, were independent of Canada-Euratom dealings. For more details see Strempel, "Forgotten Link," esp. p. 27f.

[612] See for example Mr Diefenbaker in *Hansard*, 11 May 1964, p. 3104.

[613] *Hansard*, 5 May 1964, p. 2921.

[614] See for example *Hansard*, 21 November 1963, p. 4987, 1 April 1964, pp. 1672-3, and 28 November 1966, p. 10436.

By the same token, OECD and GATT remained the key locale to barter economic and trading interests, but as such offered diplomatic contact points for Canada and the EC. Indeed, with the European Community interactions under GATT auspices easily outweighed "bilateral" consultations which Mr Sharp classified as merely auxiliary.[689] Canada-EC interactions during the Kennedy Round, however, were predominantly conflictual on one paramount issue: commerce in agricultural produce and foodstuffs. Canada had bucked the linear tariff reductions of up to 50 per cent in industrial materials originally proposed by the US on grounds of relative economic immaturity.[690]

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[685] *Hansard*, 11 December 1963, p. 5246.

[686] *Hansard*, 31 December 1962, pp. 6308-9. The response to Question 671 by Mr Matheson concerning the non-military achievements of NATO read in part: "There has also been established the organization for economic development and co-operation and the development assistance committee whose membership consists not solely of members of NATO but other countries as well. The functions of these bodies are complementary to the purposes outlined in Article 2 of the NATO treaty." Ibid, 24 June 1963, p. 1486.

[687] For instance Mr Douglas in *Hansard*, 1 April 1964, p. 1672.

[688] Mr Martin in *Hansard*, 28 May 1965, p. 1777.

[689] *Hansard*, 5 July 1963, p. 1877.

[690] On this see for details Mr Sharp in *Hansard*, 24 May 1963, p. 232, Paul Martin, "Canada and the International Situation. An Interview Given by the Secretary of State for External Affairs to M. Jean-Pierre Tainturier of *Le Devoir* on December 23, 1964," S/S 64/36, esp. pp. 6-7, "Canada's Role in the Development of World Trade. An Address by the Honourable Paul Martin, Secretary of State for External Affairs, to the Business and

[690] Still she found herself aligned with the Americans as large-scale (and hence efficient) agricultural producers, together with an unlikely third ally, EFTA, out of tune with certain of the EC's tariff points.[691] The United Kingdom, still eying EC membership yet a substantial importer of Commonwealth foodstuffs, found herself cornered between the two camps. Interestingly, as Canadian trade diplomacy swung into action, its main targets proved London and Washington--neither startlingly new lines of communication--but apparently neglected Brussels.[692] It can not have helped matters much that the irate Canadians in 1964 stomped out of early Kennedy Round talks in protest against the implementation of CAP.[693] Upon their more or less chastened return to the conference table--the EC showed itself quite unimpressed by these antics--communications between Ottawa and the Community on agricultural matters continued to lag. By late 1965 Canadian officials and Eurocrats still had not met,[694] despite an eleventh hour CAP agreement which not only staved off a French walk-out, firmly expected in Ottawa as a device to scuttle the whole Kennedy Round,[695] but thereby also granting the Geneva talks a new lease on life.[696] Arguably the EC's intramural squabbling coming to a head in the mid-1960s must have rendered its negotiants reluctant, if it did not incapacitate them, to explore possible commitments to a third country; hence, the absence of communications with Ottawa can not entirely be charged to lacking Canadian initiative. Nonetheless it seems fair to conclude on the basis of the available evidence that the Kennedy Round did little to further transgovernmentalism, the more so since Canada and the Community disagreed over the exact nature of industrial tariff reductions. One may assume, of

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[690] (cont'd)Professional Women's Club of Windsor, April 24, 1965," S/S 65/12, p. 2, and Mitchell Sharp, "The Outlook for Trade Policy. Text of an Address by the Honourable Mitchell Sharp, Minister of Finance, to the Canadian Manufacturers' Association Annual Meeting, Toronto, May 29, 1967," S/S 67/23, p. 5.

[691] Especially the Community's claim that its already low tariffs warranted smaller cuts on some products than those of other partners. See Ernest Waengler, "EEC-EFTA Split Widens," *Financial Post*, 29 February 1964. EFTA had just asserted its separate and permanent personality by establishing a permanent headquarters in Geneva.

[692] There is no mention of the EC for instance in *Hansard*, 19 March 1964, p. 1264, but both the US and the UK are specifically brought up.

[693] On this consult Edelgard E. Mahant, "Canada and the European Community. A Policy-Making Study." Paper Presented to the Canadian Political Science Association in Edmonton, June 1975, pp. 61-2.

[694] Richard Lang, "Stalemate at Geneva: the Kennedy Round," *Industrial Canada* 66:8 (December 1965), pp. 28-9.

[695] See *Hansard*, 10 October 1964, p. 8648.

[696] One Canadian editorialist argued at the time that the EC, dependent as it was on smooth international trade, could not in the long run afford to jeopardize its industrial interests for the sake of obstructionist agricultural protectionism. Ernest Waengler, "Compromise Farm Deal Saves Our Bread Grain," *Financial Post*, 11 January 1964.

course, that officials in Geneva interacted at lower levels, though this must remain circumstantial in the absence of hard evidence. Besides, such contacts, if they took place, quite obviously failed to break the logjam.

Transnationalism

Although a greater frequency of official contacts apparently obtained during the period under consideration through the medium of Canada's Brussels embassy, it strikes the analyst as somewhat ironic to encounter as "tangible evidence of Canada's interest in European developments" the little more than symbolic courtesy of designating 10 September 1967 Expo 67's "European Communities Day."[697] The occasion was honoured by the attendance of President Rey accompanied by a delegation of European Parliamentarians. Albeit the visit provided "the opportunity ... for Canadian ministers to develop further their acquaintance with the Commission's new President and to demonstrate Canada's active interest,"[698] it ranks at best as a picayune step in the general direction of transgovernmentalism and transnationalism. This impression is corroborated by the relatively non-controversial list of topics covered which included prominently fond reminiscences of historical affinities as well as wistful musing regarding possibilites for co-operation henceforth.[699] Such is scarcely the stuff out of which firmer links are forged. In spite of its often reiterated good intentions the Government could justly be criticised for its "failure" to "seek diligently to find ways and means" towards that end.[700]

At the non-governmental plane the main impediment in the way of complex interdependence carried over from the Diefenbaker administration: want of sufficiently trodden access channels. In an article predicated on the thesis that future Canadian prosperity will to a large degree form a function of this country's ability to penetrate the prodigious EC market, two business analysts called for upgraded information services by Canadian trade commissioners. Specifically, they

> felt that the Department of Trade and Commerce ... should compile reports ... which would give up-to-date information in such areas as: socio-economic conditions and trends; details on distribution and advertising; market research studies in buying habits and consumer goods ownership; and the location of local market research organizations which could provide more specific information about a specific aspect of their country's market. With this type

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[697] See "European Communities Day," *External Affairs* 19:5 (May 1967), p. 180.

[698] "Canada and the European Communities," *External Affairs* 19:12 (December 1967), p. 511.

[699] Ibid.

[700] Mr Howard in *Hansard*, 1 March 1966, p. 1988.

> of information readily available many more Canadian firms could seriously consider marketing their products in the Community.[701]

While business, in any case fully occupied with the American market, may have been passing the buck of market research to government, Ottawa acknowledged responsibility here, albeit less aiming at the partial fulfillment of complex interdependence's defining characteristics than springing from Canada's exceptional dependence on external trading.

The Trade and Commerce Department's house publication included contributions answering the above requests. Among them featured a piece of sound advice on launching persuasive advertising campaigns in Europe, the tenor of which made patience the better part of success.[702] Elsewhere, *Foreign Trade* published tariff reductions and rates believed of interest to Canadians in particular[703] and invited requests for information and copies of the complete lists.[704] Hoping to sharpen its proper skills, the Department assembled a conference of trade commissioners "as part of its program to exploit the trade potential of the European Economic Community" under the chairmanship of the Deputy Minister of Trade and Commerce, Mr J.H. Warren.[705] Convened in Brussels, partcipants reviewed topics ranging from promotion prospects in the EC, specific hurdles in the way of Canadian exports, effectiveness of Canadian efforts at negotiating them, to the suitability of the official structures in place. Plainly the synchronous timing with the full implementation of CET and internal steps in the direction of a complete common market among the Six was far from coincidental. For little appears to have been done by way of government encouragement to Canadian-European business connections prior to that event, deemed momentous enough to deserve a full issue's attention by *Foreign Trade*.[706] Ambivalent government backing reduced the effectiveness of such measures. Politicians, by virtue of their craft, displayed a penchant distinctly skewed towards the more flashy attendance at trade fairs (of which seventy-eight were projected for the eighteen months spanning January 1968 to June 1969) supplemented by visible trade missions (thirty-five were announced) literally at the expense of the grass-roots work done by the trade commissioners: "[o]ur plans for establishing new posts abroad, particularly in the EEC, Eastern Europe and the Pacific rim countries," shrugged an apologetic Mr Winters, "have unfortunately had to be postponed in light of the Government's recent measures to restrain expenditures."[707] Internecine quarrelling, notoriously riddling Pearsonian cabinets, aggravated further such erratic performance,[708] though hindsight casts into doubt the government's ability to galvanize and redirect business interest (had it been willing to do so) by proselytizing European markets.

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[701] Robert P. Gordon and Brian Dixon, "A Guide to More Sales in the Common Market,"*Canadian Business* 39:7 (July 1966), p. 53.

[702] "You are not going to conquer this economic 'Fortress Europa' [sic] overnight--not unless you are Unilever, Olivetti or a Mercedes Benz. And it took them a long time." William Pogson, "A Canadian Look at Advertising in the EEC," *Foreign Trade* 123;12 (12 June 1965), p. 6. Also in this vein is J.H. Stowe, "Manufacturing in the EEC--A Substitute For Direct Sales?" ibid, 14 September 1968, pp. 33-4.

[703] *Foreign Trade*, (1 July 1967), p. 27f.

[704] "Canada's Trade Relations With the EEC," *Foreign Trade* 30 (6 July 1968), p. 24.

[705] "Trade and Commerce Holds EEC Conference," *Foreign Trade* 30 (6 July 1968), p. 24.

[706] That of 6 July 1968. Most of its articles supply very basic information about the EC generally.

A few Canadian business voices recognized and propagated the need for greater initiative among their brethren. Notable for the present purposes is a three-part series of articles by George Korey-Krzeczowski[709] which investigated and mapped the European business environment, culminating in the extrapolation of four suggested approaches: direct exports, licensing of patents and trade-marks as well as know-how, fully-owned subsidiaries to be implanted behind the CET, and joint ventures with European companies. With these recommendations their author placed himself well ahead of his times as the 1976 framework agreement would bestow official blessing on them. Although Korey-Krzeczowski predicts an "increasingly EEC oriented" Canada due to European requirements of natural resources and foodstuffs, to say nothing of available funds and qualified personnel,[710] he underscores the massive need for further education of Canadian business leaders about European prospects.

The time must have seemed ripe. The Canadian dollar, severely overvalued in the 1950s, had been brought down to more realistic levels so that, excepting some specialty grades, Canadian products frequently could be cost-competitive even against competitors more proximate to the EC. A case in point was provided by Canadian and

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[707] Robert H. Winters, "Canada and the Development of World Trade. Address by the Honourable Robert H. Winters, Minister of Trade and Commerce, to the Export Advisory Council, Ottawa, Ontario, February 23, 1968," S/S 68/6, p. 7.

[708] One instance was noted in the House by Mr Scott when he pointed out a discrepancy between Finance Minister Gordon's budget and the ambitious trade-stimulating proposals proffered by then Trade and Commerce Minister Sharp: they were hampered simply by withholding the requisite monetary backing. *Hansard*, 21 June 1963, p. 1446.

[709] George Korey-Krzeczowski, "Doing Business With the New Europe," *Industrial Canada* 63:12 (April 1963), pp. 31-5; 64:1 (May 1963), pp. 48-9, 100; 64:2 (June 1963), pp. 45-6, 48.

[710] Ibid, 63:12 (April 1963), p. 34.

Scandinavian pulp and paper.[711] Nor were the opportunities restricted to primary products. Technically more often than not superior to European equivalents, North American-made equipment and machinery--and here Canada was clearly a beneficiary of close economic integration with the US--held a potential trump. To be played successfully, though, it required reputable agents and, most salient given the primacy attached to this aspect by European purchasers, an accessible parts and maintenance network.[712] In actual terms, the Pearson years were a period of multiplying contacts between Canadian and European firms. A favoured *modus procedendi* proved the establishment of branch or subsidiary plants or associations with local companies. The trend, in the words of Canada's Commercial Counsellor in Rome, "accelerated in the past five years in response to more competitive conditions." He recommended that prospective Canadian investors in the EC have recourse to frequently most generous regional development incentives (up to 80 per cent of funds required), held out by European governments.[713]

Conversely, the concessions to set up shop in Quebec granted two major French automobile manufacturers, Renault and Peugeot, aroused not a little publicity in Canada.[714] Regarding nuclear energy, Germany promised not only vistas of engineering collaboration and the sale of one or two reactors,[715] but also participation in uranium prospecting, primarily in Labrador, and long-range supply contracts. This formed the subject of talks between Trade Minister Winters and German officials. Bonn, though not above granting financial incentives of some $150,000, characteristically favoured government abstention, commendably leaving the initiative to private companies such as Frankfurt's Metallunion which entered a 40/60 profit-sharing joint venture with British Newfoundland Exploration Limited (Brimex). The Federal Republic's vast nuclear energy programme, furthermore, raised hopes here of imminent German purchases, encouraged by Euratom and German voices bemoaning the restricted supply of low-cost uranium.[716] Canadian exports as such derived some benefit from ten trade missions to Europe and presence at various fairs there, improving among others sales of underwear, synthetic leather, electrical equipment, electronic and aircraft parts,[717] though their precise effect is impossible to plumb. Cabinet ministers also did not shirk from making themselves the spokesmen of Canadian technological superiority, for instance of the CANDU reactor.[718]

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[711] See English, Wilkinson, Eastman, *Canada in a Wider Economic Community*, pp. 27 and 85.
[712] See "The EEC as a Market," *Foreign Trade* 30 (6 July 1968), p. 9.
[713] Stone, "Manufacturing in the EEC," p. 34. A list of Canadian companies involved in the EC inclusive of joint ventures is included in Korey-Krzeczowski, "Doing Business," 64:2 (June 1963), p. 45.
[714] See CIIA *Monthly Report* 3:6 (June 1964), p. 66 and 3:10 (October 1964), p. 109.
[715] "Potential Customers Perk Ears in Countries Around the World," *Financial Post*, 14 November 1964.

The preponderance of the Federal Republic as a trading partner suggests improving economic conditions as a paramount reason for growing interactions.[719] Moreover, the impressive increase in their real volume throughout the 1960s veiled a relative decline in importance to each other of Canada and the Community. Thus, 22 per cent of Canada's exports were shipped to the Community plus Britain, Denmark and Eire in 1962, but just 17.5 per cent in 1966 and 16.2 per cent by the turn of the decade, notwithstanding the doubling of dollar values from 1,306 million (US dollars) via 1,668 in 1966 to 2,626 over the same time-span. European exports to Canada followed a corresponding pattern. Rising from 850 million US dollars in 1962 to 1,159 in 1966 and 1,433 in 1970, in relative terms they plunged from 14.5 per cent (1962) to a diminutive 5.8 per cent by 1970.[720]

Regretfully, the want of analogous data covering investment flows leaves the picture incomplete and inconclusive. The dropping trade ratios might conceivably have been compensated for by more intimate corporate intercourse abating, through mergers and the like, the need for the physical exchange of commodities in spite of waxing transnationalism. Integration theorists, after all, have hypothesized that more closely integrated entities may experience a lower aggregate volume of exchanges.[721] Multinational corporations as likely as not export production factors (e.g. capital, technology, management skills) rather than products,[722] thereby internationalising the production process instead of multiplying physical exchanges, frequently creating asymetrical flows.[723] This would be well in keeping with complex interdependence in so far as it derives from greater familiarity and a relegation of interactions between two actors to routine procedures. Enticing though this thesis might be, this author has not found it borne out in conversations with officials and businessmen.[724]

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[716] See "Will Canada Supply Uranium Needs?" *Financial Post*, 22 April 1967, Germany Supplement.

[717] Korey-Krzeczowski, "Doing Business," 64:2 (June 1963), p. 46.

[718] See *Hansard*, 15 October 1968, p. 1142.

[719] In 1962, Germany accounted for $177 millions worth of Canada's total $455 millions in exports to the Six, or 39 per cent.

[720] Figures from *Canada and the European Community. Trade Flows 1962-1977* (Ottawa: Delegation of the Commission of the European Communities, 1974), Annex 4, p. 21.

[721] For example Karl W. Deutsch and Alexander Eckstein, "National Industrialization and the Declining Share of the International Economic Sector, 1890-1959," *World Politics* 13:2 (January 1961), pp. 267-99.

D. Conclusion

Comments on the Pearson years in Canada-EC relations from the perspective of complex interdependence are necessarily brief. Little attention was paid the Community during this period until its close which witnessed the commencement of a new phase in European economic integration. Canada did not, however, formulate a policy in consonance with the new datum until the early 1970s, when enlargement was consummated at long last. The Pearson government's posture, typically though not illogically, was to temporize while intimating broad sympathy even to British adhesion. No hierarchy of issues similar to that erected by Mr Diefenbaker resulted. Nor was the international environment in the late 1960s such as to pose a security threat sufficient to serve as an external impetus for wider integrative moves in the North Atlantic region. Thus, no vigorous drive was undertaken either by the private sector or governmental agencies to open new access channels into the Community. But with full implementation of the CET the recognition ripened that the current regime might in the long run prove unsatisfactory. Furthermore, the notion of British membership in the Community as a link into the EC for Canada attests to this perceived need. It reinforced the clearer understanding displayed by the Pearson government of the Community *qua* unit actor. No threats, grossly harmful or otherwise, were hurled at the EC by Mr Pearson or his cabinet, which also exercised exemplary abstention from activating sensitivity interdependence or presumed European vulnerabilities. Canada–European Community relations from 1963 to 1968, then, noticeably departed from the Diefenbaker era, without, however, any dramatic, much less deliberate, regime change. Unfortunately, they differed also in the one area in which the Tory administration had taken positive steps towards the EC. Political stagnation of the Canada–Euratom link caused a marked loss of momentum at best and regression at worst, foreboding conflict a decade later.

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[722] See on this Elliott R. Goodman, "The Impact of the Multinational Enterprise Upon the Atlantic Community," *Atlantic Community Quarterly* 10:3 (Fall 1972), esp. pp. 358-9, and Maxime A. Crener and Georges M. Henault, "Le role paradoxal des entreprises transnationales (ET) dans une ere de tensions protectionistes," *Etudes internationales* 8:4 (December 1977), p. 618.

[723] See Kimon Valaskakis, "Reflexions preliminaires sur les perspectives d'avenir des relations entre le Canada et la CEE," in Gilles Lalande (ed.), *Les relations exterieures de la Communaute Europeenne: Le cas particulier du Canada. Actes des colloques du C.E.D.E.* (Montreal: University of Montreal, 1976), pp. 60-1.

[724] Interesting in this context is the considerable importance assigned Canada by German foreign investors. Canada, with $179 million in 1964 recipient of 12.2 per cent of total German foreign investment, ranked second only (among individual countries) to Brazil. See Ernest Waengler, "Canada Still Good 'Buy'," *Financial Post*, 29 February 1964.

Informal talks with officials and businessmen in Brussels during the fall and winter of 1977-1978 yielded no evidence of the sort of informal contacts, such as regular telephone conversations, which mark Canadian-American relations both in the business and the political-official arenas.

VI. The Missing Link: Trudeau and the Changing Regime of Canada-EC Relations, 1968-1980

> "Interdependence can't be switched on and off like a light bulb."
>
> – Sir Christopher Soames

A. Introduction

Neither the devotion to a crumbling *status quo* by the Diefenbaker governments so eminently compatible with the Realist paradigm nor the relatively benign neglect of the European Community throughout the Pearson years indicated any readiness to modify the relationship with the EC as stipulated by Keohane and Nye. That much of the acrimony which had earlier marked interactions between the two was lost under the affable Mr Pearson's tenure proved an incidental by-product rather than the result of patient and skillful diplomatic fence-mending; in any event, it failed visibly to alter the "rules of the game." With the election of Pierre Elliott Trudeau, whose vigorous assertiveness in foreign political matters far from bears out one critic designating them a "residual function" of Mr Trudeau's political preoccupations,[725] the fresh political breeze in Ottawa immediately seized Canadian foreign policy. Indeed, the comprehensive intellectual review of external relations instigated by the new Prime Minister[726] reacted precisely against what Mr Trudeau perceived as his political mentor's untidily *ad hoc* handling of foreign affairs.

Inevitably, Canadian-European relations got caught up in the ensuing "laborious process of self-contemplation."[727] If re-discovery is too strong a term, the review certainly forcefully re-affirmed the imperative diversification of Canadian foreign policy to counterbalance what many considered excessive continental integration--the envy in fact of not a few committed "Europeans". The designated means towards that end was a re-valuation of this country's international interdependencies by placing a heavier weight on partners other than the United States. The ongoing debate as to whether such diversification was tantamount to continental disintegration, albeit "constructive disintegration" in John Holmes' engaging phrase,[728] may be dismissed as largely irrelevant for the present purposes. Without necessarily reducing the *actual* level of Canadian-American integration, an unlikely occurrence to obtain,[729] its *relative* preponderance must needs decline in covariance with any "regime change" towards greater interdependence with third parties. This Chapter contends, then, that during the Trudeau era Ottawa engaged in deliberate attempts at establishing with the European Communities what in Keohane and Nye's parlance qualifies as a regime of complex interdependence, or, more modestly, what Professor Alker defines as a "quasi regime:" "multilevel rule systems governing certain expectations and behaviors (interactions) of two or more cross-state actors with respect to each other and their natural and social environment,"[730] depending upon important transnational groups for their institutionalization.

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[725] Harald von Riekhoff, "The Impact of Prime Minister Trudeau on Foreign Policy," *International Journal* 33:2 (Spring 1978), p. 267. It is nevertheless true that international affairs were not a primary object of Mr Trudeau's brilliantly incisive political thought and writings. The man and his politics are best captured by his capable biographer, George Radwanski, *Trudeau* (Toronto: Macmillan of Canada, 1978). An unfortunate sacrifice of objectivity to shallow and trendy editorializing debases Richard Gwyn's *The Northern Magus. Pierre Trudeau and Canadians* (Toronto: McClelland and Stewart, 1980). Entirely located in the realm of partisan polemics yet rapidly becoming a small classic in its own right is Walter Stewart, *Shrug. Trudeau in Power* (Toronto: New Press, 1972).

[726] The standard source on the genesis of Mr Trudeau's foreign policy review remains a slim and overrated volume by Bruce Thordarson, *Trudeau and Foreign Policy. A Study in Decision-Making* (Toronto: Oxford University Press, 1972).

First and foremost, such a policy demands an adjustment of the structural characteristics of Canada-EC relations in line with transgovernmentalism, that is interactions of governmental subunits acting quite autonomously from governmental control, as well as transnationalism, which entails intercourse across borders in which at least one actor is non-governmental. After a short scrutiny of the foreign policy review in light of complex interdependence, this Chapter's main body will trace the evolution of the regime flowing from the review with emphasis on the core issues in the dyad. Epitomized largely in the October 1976 "Framework Agreement for Commercial and Economic Co-operation Between the European Communities and Canada,"[731] colloquially dubbed the "contractual link,"[732] it must be embedded in a wider-ranging survey of Canada-Community interactions. Like Britain's constitution, the written accord, supplemented by several less prominent documents (among them the 1959 Canada-Euratom agreement or the November 1975 exchange of letters on environmental co-operation), codifies only part of the regime. After all, the Framework Agreement proper--like the Third Option designed as a long-term project--is currently passing through what must still be considered the first phases of implementation. Work along similar lines, however, preceded it *inter alia* in the guise of visits by European industrialists in the most promising sectors of wood products, uranium, and non-ferrous metals, not to mention the flurry of official exchanges at various levels throughout the early 1970s. A concluding section will therafter assess the extent of movement in the direction of complex interdependence.

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[727] Robert Bothwell, "'The Canadian Connection': Canada and Europe," in Norman Hilmer and Garth Stevenson (eds.), *A Foremost Nation. Canadian Foreign Policy in a Changing World* (Toronto: McClelland and Stewart, 1977), p. 27.

[728] John W. Holmes, "Foreword," to Charles W. Pentland, "The Canadian Dilemma," in Peter C. Ludz *et al.*, *Dilemmas of the Atlantic Alliance. Two Germanys, Scandinavia, Canada, NATO and the EEC* (New York: Praeger, 1975), p. 153, notes: "Canadians are engaged in a policy of constructive disintegration, the decentralization of authority and policy within their own country and within their continent." For this debate see also Harald von Riekhoff, "The Third Option in Canadian Foreign Policy," in Brian W. Tomlin (ed.), *Canada's Foreign Policy: Analysis and Trends* (Toronto: Methuen, 1978), pp. 87-109 and the very lucid concluding contribution in the same tome by Don Munton and Dean Swanson, "Rise and Fall of the Third Option: Forecasting Canadian-American Relations Into the 1980s," pp. 175-213. The most recent contribution is Allan Gottlieb and Jeremy Kinsman, "Reviving the Third Option," *International Perspectives* (January-February 1981), pp. 2-5.

[729] See the projections by Munton and Swanson, "Rise and Fall," esp. pp. 187-93.

[730] Hayward R. ALker, Jr., "A Methodology for Design Research on Interdependence Alternatives," *International Organization* 31:1 (Winter 1977), esp. 36-48.

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[731] Hereafter cited "Framework Agreement." All references are to its official version as contained in European Communities, *Official Journal* 19, L 260, 24 September 1976. A chronology of the events leading up to the Framework Agreement are outside the bounds of this study but can be found in Robert Boardman, "Canada and the Community: One Year After," *The World Today* 33:10 (October 1977), esp. pp. 395-9. Bothwell's previously cited "Canadian Connection" supplies an interpretative history of Canadian-EC relations in the early 1970s leading up to 1975. Marion Bywater, "L'Accord cadre entre la C.E.E. et le Canada," *Revue du marche commun* 19:199 (September 1976), esp. pp. 370-1 offers a primarily European perspective. Charles W. Pentland, "Linkage Politics: Canada's Contract and the Development of the European Community's External Relations," *International Journal* 32:2 (Spring 1977), pp. 207-31 and Edelgard E. Mahant, "Canada and the European Community: The New Policy," *International Affairs* 52:4 (October 1976) are the most frequently referred to Canadian articles on the subject. In point form the development of Canada-EC Relations can be followed in European Community, Commission, *Bulletin of the European Communities* (Luxembourg: Office for Official Publications of the European Communities, since 1968), hereafter cited *Bul.EC.*

[732] The nomer "contractual link" acquired oficial standing through its use in a Canadian memorandum to the EC Commission of 20 April 1974, making reference to "a direct contractual link between Canada and the European Community." Part of the memorandum was reproduced in *International Canada* 5:11 (November 1974), pp. 205-6. Its French version appeared *in toto* as Annex 1 to Gilles Lalande (ed.), *Les relations exterieures de la Communaute Europeenne: Le cas particulier du Canada. Actes des colloques du C.E.D.E.* (Montreal: University of Montreal, 1976), pp. 85-90. Subsequently, the term appeared time and again in official statements and was quickly popularized by the media.

Before delving in *medias res* a brief digression imposes itself on the Clark interlude inserted into the Trudeau years. While still in opposition, Mr Clark, in sharp contrast to his articulate predecessor Robert Stanfield, had severely lambasted the Third Option's European corollary, linking it to Canada-US relations. The Liberals were reproached for steering a perilous course of estrangement from the vitally important neighbour, exacerbated by the alleged failure of the diversification policy whose counterweights, among them the EC, were found far too light to redress the imbalance.[733] The foreign policy review in turn initiated by the new Conservative Secretary of State for External Affairs, Miss Flora MacDonald, doomed to remain indeterminate by the government's short life,[734] in tandem with Prime Minister Clark's distinctly un-Tory quasi-continentalism, was perceived in Europe as presaging some impending change. Hence the sighs of relief in European media greeting Mr MacGuigan and the returned Liberal government with anticipation of renewed diversificatory moves under the auspices of the Third Option.[735] Relying on access channels and contact points stemming from the contractual link in particular, Eurocrats bravely declared themselves confident that the special relationship with Canada would continue to mature if at a slower pace.[736] Their sentiments were largely borne out by Miss MacDonald's keynote statement on relations with Europe which harped adamantly on a theme of continuity,[737] accompanied by naive parliamentary backpedalling disavowing contentious utterances let slip in the heat of the election campaign as without intent "to downgrade the contractual links between

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[733] For a representative example see Mr Clark's intervention in the nigh historical first full-dress debate on external affairs in seventeen years, *Hansard*, 19 December 1977, esp. pp. 2003-4.

[734] Flora MacDonald, "Canada's Foreign Policy and Relations. A Speech by the Secretary of State for External Affairs, the Honourable Flora MacDonald, to the Canadian Club of Canada, Montreal, September 17, 1979," S/S 79/15. Miss MacDonald indicated that the Conservative review would stress the re-activation of parliamentary mechanisms, greater public involvement, humanitarian relief, and aid to the Third World. For introductory overviews of the Clark government's external performance, consult Warner Troyer, *200 Days. Joe Clark in Power. The Anatomy of the Rise and Fall of the Twenty-first Government* (Toronto: Personal Library Publishers, 1980), Ch. 6, "Foreign Affairs: Playing in the Major Leagues," pp. 108-30, and Ulrich Fanger and Horst Zipfel, "Canada--From Trudeau to Clark and Back," *Aussenpolitik* (Engl. ed.) 31:2 (Second Quarter 1980), pp. 196-209.

[735] "Mr Trudeau's Election Revives Old Themes in Canadian Foreign Policy," *The Times* (London), 1 April 1980.

[736] Conversations with the author, Brussels, December 1979.

[737] Flora MacDonald, "Canada's Relations With Europe. A Speech by the Secretary of State for External Affairs, the Honourable Flora MacDonald, to the Canadian Institute of International Affairs and the Centre for International Studies of the University of Toronto, Toronto, December 6, 1979," S/S 79/25.

Canada and Europe."[738] Recalling Mr Stanfield's impassioned pleas for closer relations with Europe, it remains open to conjecture whether the PC party would have fully underwritten Mr Clark's derogations of "Trudeau's Europeanism"[739] by consciously jettisoning the Third Option. One profiled Conservative foreign policy spokesman questioned by this author eloquently refused comment on the discrepancy between his own warm endorsal of diversification with Europe and the blatant prime ministerial continentalism.[740] In the final analysis, then, Prime Minister Clark did not last in office long enough to perpetrate any more serious harm upon the Third Option than that contestably already committed by its very authors. There is scant justification for the purposes of this study to treat the Clark interlude as more than a period but slightly out of phase with the in any event not overly regular oscillation of Canada-EC relations since 1968.

B. Foreign Policy Review, Transnationalism, and the EC

Thanks to roaming travels and a voracious interest in foreign cultures and civilizations, Pierre Elliott Trudeau brought to the Prime Ministership a vast knowledge about Canada's international environment and her place therein. As befits the "largest of the small powers,"[741] Mr Trudeau felt it appropriate to do away with "the view that Canada should try and react to all international events and have a policy on everything that happened in the world."[742] Consequently, Prime Minister Trudeau approached foreign policy rather selectively, singling out three issues as possessing "first category" ranking and hence deserving of his personal attention.[743] Relations with the American neighbour, diversification, and the tenuous balance to be struck between their inexorably close but often lopsided relations with the concomitant potential damage to Canada's economic, political, and cultural identity are a paramount concern. Realistically, Mr Trudeau observed:

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[738] See for instance *Hansard*, 23 November 1979, p. 1645.

[739] Cit. in Anthony Westell, "From Ottawa: Joe Clark's Free Trade Flirtation a Fundamental Shift in Tory Policy," *Canadian Business* October 1979, p. 51.

[740] Doug Roche, MP, after a public forum at the University of Alberta, 1 February 1980. Mr Roche concurred that diversification was to some extent a matter of political volition and a goal still subscribed to by the PC government. Asked by this author why this volition failed to be exercised in the case of the new fighter aircraft in favour of European contenders, especially in view of the F-18's technical troubles, he replied with commendable frankness: "That's a good question. I don't know."

[741] Office of the Prime Minister press release, 29 May 1968, as cit. by Peter C. Dobell, *Canada's Search for New Roles. Foreign Policy in the Trudeau Era* (London: Oxford University Press, 1972), p. 3.

[742] Interview with radio correspondents on the return flight from a state visit to Moscow, 19 May 1971, as cit. ibid, p. 5.

[743] The following relies heavily Radwanski, *Trudeau*, pp. 184-6.

> We can't expect, without becoming much poorer, to control all of our economy. What we can do is make an effort to control those economic or financial institutions which are of greater importance to the free development of this society. ... The same thing in cultural fields.[744]

Through a foreign policy building counterpoises as well as, domestically, "select government intervention"[745] this objective was to be fulfilled--both of these eventually to be embedded in the Third Option Paper. The second area of primary relevance to the Prime Minister was nuclear proliferation. Here a careful compromise was required between the undesirable spread of lethal nuclear weaponry and Canada's interests as a foremost producer and exporter of nuclear reactors and equipment. Thirdly, Mr Trudeau has always stressed the North-South conflict as threatening the stability of the international system and a challenge to the industrialized world. The peculiar complexion of Canada's economy displaying facets of an advanced industrialized country in conjunction with those of a raw materials supplier evocative of the Third World might enable Canada to operate as a bridge or lynchpin between the developed North and the underdeveloped South.

These three strands combine to make Prime Minister Trudeau, in the words of Richard Gwyn, a "*nationalist* internationalist"[746] who reconciles the seemingly contradictory notion of national self-interest with an ethic of global sharing and neighbourhood: "[t]he test of a first-rate intelligence, F. Scott Fitzgerald once wrote, is the ability to entertain two opposed ideas at the same time and still retain the ability to function. Trudeau has never demonstrated this idea more skillfully than in the field of foreign affairs."[747] This is not out of character for the highly enigmatic and unconventional individual that is Mr Trudeau. Possessed of a brilliant intellect, its analytical capabilities sharpened through the rigorous schooling at the Jesuit-run Brebeuf College, with a firm belief in rational man, Mr Trudeau's only consistency has been termed his ambiguity.[748] As an "old and close friend" of the Prime Minister's described him, Mr Trudeau "guards his ambiguity jealously. His character, deliberately, does not scan."[749] Yet this ambiguity likely accounts for his political resilience in troubled times and his image as a man for all seasons who keeps

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[744] Mr Trudeau cit. ibid, p. 185.
[745] Ibid.
[746] Gwyn, *Northern Magus*, p. 299. Emphasis provided.
[747] Ibid, p. 292.
[748] Ibid, p. 30.

> presenting himself in new guises. Like a kaleidoscope whose pictures are constantly rearranged into ever-changing patterns, Trudeau is able to reach into his complex personality and summon hitherto-unseen aspects to the fore. The dashing, banister-sliding Trudeau of 1968 bears scant resemblance to the droning, professorial campaigner of 1972, or the aroused, gut-fighting politician of 1974. ...
>
> If the changing face he presents to the world has helped him survive politically, the interplay of facets in his personality has also made him extremely difficult to perceive accurately. Like the three proverbial blind men who clutched respectively at an elephant's leg, its trunk, and its tail and reported in turn that an elephant resembles a tree, a snake, and a rope, different observers have focused on different aspects of Trudeau's personality and thinking, and have reached wildly disparate conclusions about the nature of the man. In 1968, the star Tory candidate in Quebec, financier Marcel Faribault, described him as a "socialist of the worst kind--a doctrinaire socialist." NDP leader Tommy Douglas, at about the same time, found him to be an orthodox conservative in the mould of R.B. Bennett. Seven years later, the confusion still had not been dispelled: When [sic] Trudeau spoke vaguely in a 1975 year-end interview about the failures of the free-market economy, labour leaders saw in his words a right-wing threat to union freedom, while businessmen smelled a socialist plot.[750]

For Mr Trudeau, competent at paradoxes, only a Canada secure in her political, economic, and cultural identity can contribute optimally to the international system as a whole. In this sense, then, foreign policy as the pursuit of domestic interests projected onto the world scene metamorphoses into a form of internationalism. Thus, while selective, Mr Trudeau's intervention in external affairs can be expected to prove decisive at least in the above three "first category" fields. By the same token, a demotion in the Prime Minister's personal hierarchy or a significant shift of interest in a particular foreign policy issue--a fate alleged to have befallen the Third Option[751]--could result in future neglect.

To propound the foreign policy review as operationalizing an articulated framework of complex interdependence would stretch the evidence. Still, the two prove far from incompatible upon closer examination, the more so since the review, and definitely the Third Option paper it spawned, questioned past assumptions about the international regime as well as Canada's role therein. Meant to guide the formulation of foreign policy in the 1970s, this thorough re-appraisal itself responded to the "crumbling away" of miscellaneous "safe assumptions." Internal discord had paralysed most international organizations while international actors could no longer comfortably be assigned to clearly identifiable ideological groupings. The tidal wave of third world independence swept new and pressing problems into the international arena. Finally, the scientific and technological explosion experienced during the past quarter century compounded and fuelled changing social attitudes, placing into question numerous basic values.[752] As presented to the public in an attractive boxed set of six glossy brochures,[753] the "foreign policy for Canadians," commensurate with Canada's modest middlepower stature, was to emerge from a streamlined and more rational institutional structure applied to six objectives: foster economic growth, safeguard Canada's sovereignty and independence, work for peace and security, promote social justice, enhance the quality of life, and ensure a harmonious natural environment. Notwithstanding the strong Canada-first note--more pronounced yet in the concomitant defence review--which earned the review scathing attacks as isolationist,[754] obeisance was in fact paid the Prime Minister's global society worldview notably congenial to the transnationalist framework: the aim of Canadian foreign policy was to "serve our national interests"--a significant employment of the plural, its repetition disbarring it as a typographical error--understood not

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[749] Cit., but not identified, ibid, p. 21.
[750] Radwanski, *Trudeau*, pp. 24-5.
[751] Gwyn, *Northern Magus*, p. 303.

> in any egotistical sense of just what's happening to Canadians. It's in our national interest to reduce the tensions of the world's population who go to bed hungry every night, the two thirds of the world's population who are poor whereas the other third is rich and the tensions which spring from this great ideological struggle between the East and the West.[755]

According to then Secretary of State for External Affairs Mitchell Sharp, the review sought to ascertain whether "we are serving our own interest best and making the most effective contribution to world prosperity" bearing in mind that a strictly self-directed policy was unfeasible for a country as highly interconnected with the outside world as Canada.[756]

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[752] Canada, Department of External Affairs, "Foreign Policy for Canadians," *Foreign Policy for Canadians* (Ottawa: Information Canada, 1970), pp. 6-7.

[753] Aside from the general booklet by the same title cited in the preceding footnote, it contained one each on Europe, International Development, Latin America, Pacific, and the United Nations.

[754] Most vocally by Peyton V. Lyon, "Canadian Foreign Policy--A Puzzle to the World," *Commentary* 13:1 (January 1969), pp. 18-20, especially his "A Review of the Review," *Journal of Canadian Studies* 5:2 (May 1970), pp. 34-47, and his "The Trudeau Doctrine: The White Paper on Foreign Policy," *International Journal* 26:1 (Winter 1970-71), pp. 19-43. For an early treatment of the structural changes wrought by the review see Peter C. Dobell, "The Management of a Foreign Policy for Canadians," *International Journal* 26:1 (Winter 1970-71), pp. 202-20.

[755] Pierre Elliott Trudeau, "The Relation of Defence Policy to Foreign Policy. Excerpts from an Address by Prime Minister Trudeau to a Dinner of the Alberta Liberal Association, Calgary, Alberta, April 12, 1969," S/S 69/8, p. 2.

Less prone than those who teach to esoteric jargon, practitioners' statements do not make explicit reference to "issue areas" and their implications for international politics. While the term "complex interdependence" appears in *Foreign Policy for Canadians*,[757] its merely descriptive application is not pregnant with any of Keohane and Nye's theoretical meaning. Conceptually, however, the sectoral view of foreign policy advanced by Mr Sharp dovetails nicely with it:

> Foreign policy is ... not a single entity but a collection of policies designed to deal with various aspects of our relations with the rest of the world. We lump them together under the convenient title of "foreign policy," although there is not likely to be any single set of policy decisions which will cover all the situations we encounter in this increasingly complex world. When we set out to review our foreign policy, therefore, we had to break the subject down by some means ....[758]

As the six policy themes on the one hand and the titles in the *Foreign Policy for Canadians* series on the other evince, the breakdown followed geographic as well as functional lines. The intent was to de-emphasize, albeit not neglect, security concerns, adjusting priorities to the benefit of economic and social matters in keeping with "the world today," Mr Sharp re-assured the Commons' Standing Committee on External Affairs and National Defence.[759] This must implicate rectifying what the Prime Minister deemed Canada's capsized foreign political pyramid. As a Clausewitzian Pierre Elliott Trudeau lectured a gathering of Alberta Liberals undoubtedly more than a little baffled by his choice of topic,

> NATO had ... determined all our defence policy. We had no defence policy, so to speak, except that of NATO. And our defence policy had determined all our foreign policy. And we had no foreign policy of any importance except that which flowed from NATO. And this is a false perspective for a country. It is a false perspective to have a military alliance determine your foreign policy. So all we have done ... was to stand the pyramid on its base. It was standing on its head. We have decided to review our foreign policy and to have a defence

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[756] Mitchell Sharp, "NATO in a Canadian Perspective. A Speech by the Secretary of State for External Affairs, the Honourable Mitchell Sharp, to the Canadian Institute of International Affairs Conference, Calgary, March 1, 1969," S/S 69/4, pp. 1–2.
[757] "Foreign Policy for Canadians," *Foreign Policy for Canadians*, p. 38.
[758] Mitchell Sharp, "Canada's Relations With Europe. Introductory Remarks by the Secretary of State for External Affairs, the Honourable Mitchell Sharp, at the Opening of a Seminar on Relations with Europe, Hull, Quebec, January 3, 1969," S/S 69/1, p. 1.
[759] Mitchell Sharp, "Canada Reviews Its Foreign Policy. A Statement by the Secretary of State for External Affairs to the Standing Committee of the House of Commons on External Affairs and National Defence, October 27, 1970," S/S 70/15, p. 3.

policy flow from that ....[760]

Much more than the foreign policy review *per se* did its defence subsidiary cause much and acrimonious public laundering of political linen over the newly staggered defence priorities.[761] Precedence was assigned to the protection of Canadian sovereignty, followed by North American defence, the fulfillment of NATO commitments in third place, with international peacekeeping ranking last.[762]

Ironically, the revamped defence policy achieved pride of place again since two years elapsed after the publication of *Foreign Policy for Canadians* before the process was brought to its logical conclusion. Its complement most germane to actual policy formation, the primacy of Canadian sovereignty or, to skirt the vocable's legal innuendo, national identity, required the most intense navel gazing, to borrow an idiom recently fancied by the Prime Minister. Any pursuit of greater *de facto* rather than just *de jure* Canadian independence must affect relations with the United States. Pierre Trudeau, with his uncanny ability to defuse unpleasantness with a smile, remarked allegorically before Washington's National Press Club: "[l]iving next to you is in some ways like sleeping with an elephant. No matter how friendly and even-tempered is the beast, one is affected by every twitch and grunt."[763] The reverse holds also. Kicking by the mouse might just put the behemoth's humour to a severe test. Thus, it was not until America's "attentive public" had been forewarned by Mr Trudeau's chief foreign policy advisor in the high-powered *Foreign Affairs*[764] that the final afterclap to the encompassing overhaul materialised.

Under Mr Sharp's imprimatur, a special autumn issue of External Affairs' own *International Perspectives*[765] proffered an analysis of Canadian-American relations. Not to belabour a subject on which much ink has meanwhile been spilt,[766] suffice it to recall here briefly the three paths mapped in light of the United States' economic, social, and cultural hegemony over her northern neigbour. Canada could maintain the extant state of relations without major modifications. At second blush this was rejected because the continentalist gravity would ineluctably suck Canada ever deeper into the US orbit. Second, the situation might be institutionalized pragmatically by deliberately seeking further North American integration, the catch being the necessary voluntary acceptance by Canada of the junior partnership in the firm. Third, Canada could plot a long-term strategy of consolidating "its economy and other aspects of its national life" so as to "reduce the present Canadian vulnerability."[767] A fourth and altogether more practicable option, subsequently propounded by the noted economist H.E. English, namely to escalate integration with the US along some dimensions while freezing or de-escalating along others, was not even implied.[768] Predicatably, in a period of waxing Canadian nationalism the government ostensibly selected the "Third Option."

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[760] Trudeau, "Relation of Defence Policy to Foreign Policy," S/S 69/8, p. 4.

[761] For one insalubrious instance see CIIA *Monthly Report* 8:1 (January 1969), pp. 3-5 which renders the divergent views expressed by then Postmaster General Mr Kierans and the Minister of National Defence, M. Cadieux.

[762] They were announced by Pierre Elliott Trudeau, "A Defence Policy for Canada. Statement to the Press by Pierre Elliott Trudeau on April 3, 1969," S/S 69/7, p. 2, to be confirmed eventually in the sober and relevant document, Canada, Department of National Defence, *White Paper on Defence: Defence in the 70s* (Ottawa: Information Canada, 1971). A splendid secondary treatment is Colin S. Gray, *Canadian Defence Priorities: A Question of Relevance* (Toronto: Clarke, Irwin and Company Limited, 1972).

[763] Cit. in Dobell, *Canada's Search*, pp. 58-9.

[764] Ivan L. Head, "The Foreign Policy of the New Canada," *Foreign Affairs* 50:2 (January 1972), p. 240.

[765] Mitchell Sharp, "Canada-U.S. Relations. Options for the Future," *International Perspectives*, Special Issue, Autumn 1972.

Seeking diversity from, yet in harmony with, the United States[769] through means left nebulously ill-defined, the paper blurredly focused upon "the active pursuit of trade diversification and technical co-operation with countries other than the United States."[770] Two *prima facie* candidates offered themselves in the European Community and Japan (with its appended Pacific rim); only the former could boast the requisite prowess to prove a credible counterweight to the mighty US. The enlarged Community of Nine, with some 260 million consumers the vastest market among the industrialised nations, rates a distant second (16 per cent) behind the US (70 per cent) among Canada's trading partners. "Europe's" gross national product of over 1,300 billion US dollars challenges the United States' of 1,678 billion,[771] overtaking it for the first time in 1980. Approximately 20 per cent of world trade is done with the Nine, a figure which is doubled by including intra-EC exchanges. Thus, the Community easily surpasses the US (14 per cent) and dwarfs Japan's 6 per cent and Canada's 3 per cent. What is more, the EC can point (albeit with worry as often as with pride) to several superlatives: largest producer of steel, automobiles, dairy products, and the most extensive currency reserves. Blessed with all or more of the United States' economic advantages, the EC, much to Ottawa's delight lacks the wherewithal to graduate into a hegemonial super-power *a la* US. As yet incomplete political integration in conjunction with an acute vulnerability in the energy (the Nine must import 50 per cent of their energy needs) and raw materials sectors reign in such predilections. Thus, in October 1976 the Third Option culminated in its first (and perhaps only) major success with the forging of the much vaunted contractual link. In terms of the Third Option, the Framework Agreement assumes an important, nay unprecedented, political dimension. Quite justifiably, the renowned Paris daily *Le Monde* ranked the Framework Agreement a diplomatic success of the same magnitude as Canadian participation in the London economic summit and the co-presidency of the North-South dialogue.[772]

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[766] See for instance Garth Stevenson, "The Third Option," *International Journal* 33:2 (Spring 1978), pp. 424-31 as well as the other contributions in this issue devoted entirely to an assessment of "Trudeau and Foreign Policy." Von Riekhoff, "Third Option," and the previously cited contribution to Tomlin by Munton and Swanson, "Rise and Fall." The specific application to the European Community is explored by Ulrich Strempel, "Europa als Test fuer Kanadas Dritte Option," *Aussenpolitik* 29:4 (Third Quarter 1978), pp. 399-410.

[767] Sharp, "Options," p. 1.

[768] This "fourth option" is outlined in H. Edward English, "The Role of Canada-U.S. Relations in the Pursuit of Canada's National Objectives," *American Review of Canadian Studies* 6:1 (Spring 1976), p. 38. This analytic theme is picked up in Peyton V. Lyon and Brian W. Tomlin, *Canada as an International Actor* (Toronto: Methuen, 1979), p 117.

[769] The gist of the Third Option is most aptly summed up by Canada's most intelligently eloquent "nationalist." Canadian-American relations, Walter Gordon argues, are "the main emphasis in our foreign policy" and therefore "should not become a partisan political issue and it never should be permitted to take on anti-American overtones. The Americans are our friends and allies. We are lucky indeed to have them for our neighbours. But this does not mean we should allow them to dominate us in the economic or other fields; we must stand up for our own interests when occasions call for it." Walter L. Gordon, *Storm Signals. New Economic Policies for Canada* (Toronto: McClelland and Stewart Limited, 1976), p. 122; see also the poignant concluding paragraph on p. 131.

[770] Sharp, "Options," p. 22.

The interconnection of the Third Option and the contractual link are readily demonstrable. Mr Sharp embedded his revision of Canadian-American relations in the novel system of international relations which had displaced that of the more immediate post-war era. Among its key characteristics he counted the "historic strides towards unity through the enlargement and development of the European Community" as much as the overall "new pattern of power relations" no longer dictated solely by a bipolar superpower rivalry.[773] Mr Sharp's successor, Don Jamieson, on 10 December 1976 opened the first meeting of the Joint Co-operation Committee under the framework agreement by further stressing the interface. Existing ties to Europe decisively influenced the foreign policy review itself and the choice to diversify. Hence, "it was logical ... for Canada to seek a stronger and more vital content to our relations with western Europe," the Minister said.[774] The Third Option thus served as a catalyst for the framework agreement.

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[771] For comparison: Japan's GNP was 553 billion, Canada's 190. Source for this paragraph's data is the Commission of the European Communities.
[772] See Jacqueline Grapin's analysis, "Vive le Canada libre," *Le Monde*, 31 January 1978.
[773] Sharp, "Options," p. 1. Compare also the *tour d'horizon* found in the introductory booklet of *Foreign Policy for Canadians*, pp. 6-7.

Initially, however, a major hurdle to successful diversification with Europe and a simmering issue throughout much of the Trudeau period derived from the defence policy review. Canadian decision-makers were keenly attuned to the nexus between security and economic/commercial issues in their transatlantic relations: "It was, therefore, ... important that, at the same time as we were reviewing our defence policy, we should review our relations with Europe in the political, economic and other fields which are inevitably intermingled with our defence commitments,"[775] Mr Sharp correctly recognized. In the face of such superior insight Ottawa gratuitously carved a credibility gap. In July 1968 German Defence Minister Gerhard Schroeder expressed concern over rumoured Canadian intentions to return Canadian soldiers stationed in Germany. Bonn offered to purchase Canadian military hardware in an offset arrangement to keep the units there--a table to be turned when Ottawa began pressing for a contractual link--but his Canadian analogue, M. Cadieux, reassured Dr. Schroeder with pledges to honour Canadian commitments ruling out any withdrawals.[776] Followed as it was by the official announcement of the impending closure of one airbase at Zweibruecken[777] as a step towards halving Canada's contingent positioned in Europe, characterization of Canadian defence policy by the German Ambassador as an "enigmatic sphinx"[778] when regarded from Europe was hardly complimentary.

Ottawa's unilateral decision fairly set the cat among the Brussels hawks. Not just the Germans but the European NATO partners more generally received skeptically Mr Trudeau's rationalization that Canada's contribution to the common North Atlantic security could be just as valuable if concentrated more that in the past on North American defence.[779] The outspoken retiring NATO comander-in-chief, US General Lemnitzer, in a flimsily camouflaged condemnation, rejected as unjustifiable any troop withdrawals from the European theatre.[780] Such wrath was less over a dangerous denuding of the European front line minus some five thousand Canadians than the mood underpinning the decision, summed up by John Holmes:

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[774] Don Jamieson, "Canada and the European Community Enter Unmapped Territory. A Statement by the Secretary of State for External Affairs the Honourable Don Jamieson, on the Occasion of the First Meeting of the Canada/European Communities Joint Cooperation Committee, Brussels, December 10, 1976," S/S 76/30, p. 2.

[775] Sharp, "Canada's Relations With Europe," S/S 69/1, p. 2.

[776] See CIIA *Monthly Report* 7:7-8 (July-August 1968), p. 80.

[777] Ibid, p. 81.

[778] At a press conference in Kitchener, Ont., cit. in *Hansard*, 2 December 1968, p. 33.

> There is an increasing awareness of the persistent one-sidedness of that compact. The impression has been given to Canadians that if they do not keep their troops across the Atlantic defending Europe they cannot expect good economic relations with Europe. Canadians, *like many Americans*, are asking just what obligations towards North America were ever accepted by the European members of NATO. The "common interest" is acknowledged when required to insist upon North American troops in Europe but not recognized as applying to economic relations at all.[781]

This spurious syllogism conveniently overlooked several facts. For one, the United States was as responsible as western Europe for the deplorable deterioration in North Atlantic economic relations. More importantly, NATO is a mutual defence pact according to which an unprovoked attack on any member, including Canada and the United States, involves the other members. Finally, NORAD was formed, admittedly against Canadian reservations, precisely to keep European involvement in North America's continental defence at arm's length. But its influence on a Vietnam-worn United States rocked by violent anti-war protests could not be discounted in Europe. Given the perception of Canadian soldiers as "North American" with minimal differentiation from their GI comrades, Europeans, who already questioned US preparedness to risk atomic annihilation for their sake, worried with NATO Secretary General Manlio Brosio lest the "force and strength of example" set by Canadian phased troop reduction set off American emulation as a sop to domestic politics: "[u]nilateralism is very infectious," commented Britain's Mr Healey.[782] Political fallout seemed so violent, in fact, as to be seized upon by the opposition to tar and feather the entire review process. "Does the Prime Minister expect to take the House into his confidence in the near future as to what the actual results are" (of the foreign policy review) Mr Hees inquired, causing some commotion, "and is he confident that the policy which members of the government are studying at the present time will be equally successful in antagonizing our principal allies and trading partners as our policy of withdrawing troops from NATO has been?"[783]

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[779] Interview with Claude Julien, "Face au geant americain nous avons besoin de l'Europe, nous declare M. Pierre Trudeau," *Le Monde*, 21 February 1970.
[780] "No Justification For Troop Withdrawal, Retiring NATO Commander Says in Ottawa," *Globe and Mail*, 30 April 1969.
[781] Holmes, "Foreword" to Pentland, "Canadian Dilemma," p. 155. Emphasis added.
[782] Cit. by Terrance Wills, "Developing Canada Priority Over NATO, Critics Told by Sharp," *Globe and Mail*, 11 April 1969; see also Charles Taylor, "Bonn Preparing to Fight to Keep Canadian Troops in West Germany," *Globe and Mail*, 12 April 1969.

Though "pointed comments" have been reported,[784] the government unbelievably denied any "personal representations,"[785] claiming instead support within the NATO Council from "friends"[786] presumably overjoyed by Ottawa's determination not to bolt the alliance altogether--not surprising since a picture of some coherence needed to be projected outward. On a subtler plane, however, Canadian diplomatists and correspondents sensed resentment mixed with doubt[787] quite at odds with Ottawa's goals. NATO's non-military functions, a facet of Canada's multilateral reflex, had previously provided and continued now to provide significant transgovernmental and transnational contacts with the European allies, not to mention their utility as a ticket admitting Canada to essentially European events.[788] Frank exchanges and the testing of political waters still recommended the NATO Parliamentary Association,[789] such ties as the Industrial Advisory Group not only offered Canadian industry access to European alternatives to US technology but permitted entering consortia with non-American companies,[790] while scientific and environmental collaboration could be credited to the much defamed Article II.[791] All of these long-range civilian bonuses were readily acknowledged by a cabinet admittedly none too unified on the topic: "NATO is important to us because it is multilateral, because it provides an institutional connection with the second most powerful area in the western world,"[792] and because it came to be viewed as a motor to advance the chimerical East-West accommodation known as *detente*.[793] To some extent, surely, Canadian standing within the alliance would be related to the reliability of her peacetime military contribution. More immediately, the reduction combined with vigorous Canadian attempts at diversifying economically outside the Atlantic region with the Soviet Union and the Pacific Rim did engender misgivings about the sincerity of Canadian interests in Europe. It is difficult to disagree with Professor Lyon's sardonic conclusion that "the task of convincing west European governments that Canada wants closer ties is hardly facilitated by the spectacle of Canadian troops hurrying home,"[794] or with an exasperated Mr Stanfield's damning "illogical" in the Commons.[795]

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[783] *Hansard*, 30 January 1970, p. 3024.
[784] David Humphreys, "Canada's Links With Europe Still Not Widely Understood," *International Perspectives* (March-April 1976), p. 33.
[785] For instance *Hansard*, 3 June 1969, p. 9388.
[786] *Hansard*, 13 December 1973, pp. 8701-2.
[787] For example Humphreys, "Canada's Links," p. 34.
[788] Possibly the most important here being Canadian participation in the ECSC which has been interpreted as an essential contribution to the diversification of Canada's external relations by Murray Goldblatt, "Canada and European Security," *International Perspectives* (January-February 1973), p. 35.
[789] See *inter alia* Mr Dinsdale's intervention in *Hansard*, 28 October 1969, p. 227.
[790] See Canada, Senate, *Report of the Standing Senate Committee on Foreign Affairs Respecting Canadian Relations With the European Community* (Ottawa: Information Canada, 1973), p. 19.
[791] See Mitchell Sharp, "The Twenty-Fifth Anniversary of NATO. A Statement by the Secretary of State for External Affairs, the Honourable Mitchell Sharp, on April 3, 1974," S/S 74/4, p. 2.

Circuitously this returns the discussion to Canada-EC interactions which *per se* do not directly form part and parcel of alliance politics (though calls have emanated from the Commission for a more substantive EEC contribution to NATO[796]) and yet are intimately intertwined with them.[797] Conceivably Ottawa might have hatched a clever stratagem by fortifying a bargaining position through play on European security sensitivity. All six EC founding members, and eight out of nine after enlargement, belong to NATO, among them the single strongest European economy and Canada's second largest defence partner, the Federal Republic of Germany. Contrary to both the Diefenbaker and Pearson policies, the Trudeau government wisely undertook every effort to persuade the six (nine) capitals to assist Canada at the Community level. Ministerial and prime ministerial jaunts to Europe invariably toured several or all Member States at least once during crucial stages of the contractual link negotiations, to say nothing of British accession. Consequently, Ottawa might have planned to trade off the disconcerting review of her military NATO commitments and responsibilities for a transatlantic economic dialogue to forestall confrontations springing from potential regionalization. The government, however, categorically denied any such intended linkage, nor did it take the cue from across the floor.[798] Because the Europeans ultimately did, one cannot but wholeheartedly concur with Mr Sharp's later candidly disarming reference to the handling of the defence review as "ham handed"[799] in more ways than one. To cross EC Member States, of course, was tantamount to antagonizing the dominant Community organ, the Council of Ministers, whose support for an institutionalized "special relationship" such as the contractual link was indispensable: to open official negotiations, the Commission required Council's green light.

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[792] Minister Gillespie in *Hansard*, 24 April 1969, p. 7941.

[793] See Mitchell Sharp, "The Role of Middle Powers in a Changing World. An Address by the Honourable Mitchell Sharp, Secretary of State for External Affairs, at Carleton University, February 20, 1969," S/S 69/3, pp. 6-7.

[794] Lyon, "Quest for Counterweight," p. 59. This was brought up time and again by the Opposition, both at the time of the review and its immediate aftermath as well as more recently to explain the failure *ab initio* of the diversificatory strategy. For two examples see *Hansard*, 7 September 1971, p. 2563 and 19 December 1977, pp. 2003 and 2015.

[795] *Hansard*, 18 February 1972, p. 31.

[796] "Soames Calls for EEC Contribution to NATO," *The Times* (London), 9 March 1976.

[797] For Lothar Ruehl the NATO connection and the necessity to heed American North Atlantic leadership circumscribes even the EC's freedom of international movement; see his "Nine and NATO," p. 252.

This raises the question to what degree Canada's military performance in NATO and her quest for a framework agreement with the EC were formally linked. The connection seemed painfully clear to opposition Members of Parliament in touch with European colleagues.[800] More often than not, however, their interface occurred care of the NATO Parliamentary Association and information thus garnered can, without pejorative intent, be suspected of partiality. Critics like George Hees were definitely off the mark in holding the NATO review responsible for the *Commission's* rejection as inadequate of Ottawa's early proposals[801] which disqualified themselves through imprecision. Eurocrats grudgingly admitted to this author a vicarious nexus only.[802] Increasingly eager for some contractual arrangement with Canada as a litmus test for the Community's own international scope of action independent of and additional to the Member States' foreign policies, Commission officials neither would nor could make this link. Confusion may have arisen from the fact that Mr Trudeau availed himself of the summer 1975 NATO meeting, the first to be conducted at the head-of-government level, for contacts with EC Member States and the Commission to impress upon them Canada's eagerness for "official relations with the Community."[803] This was chiefly due to the convenient locale, though, and *strictu senso* the Prime Minister felt on safe ground when he replied negatively to the Member for Dauphin's query whether he "will ... be going to the NATO summit ... prepared to enlarge Canada's NATO contribution as a means of making the contractual link more acceptable to the European Common Market countries:"

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[798] *Hansard*, 1 December 1970, p. 1634 and 9 December 1970, p. 1890.

[799] Mitchell Sharp, "Basic Principles of Canada's Current Foreign Policy. An Address by the Secretary of State for External Affairs, the Honourable Mitchell Sharp, to the Canadian Press, Toronto, May 2, 1973," S/S 73/14, p. 2.

[800] Among them the Member for Prince Edward-Hastings, George Hees. See *Hansard*, 9 January 1973, p. 99.

[801] *Hansard*, 17 October 1975, p. 473.

[802] Conversations, Brussels, Fall 1977.

[803] *Hansard*, 2 June 1975, p. 6337. On this occasion the Prime Minister was also informed of the EC's intention to open an information office in Ottawa.

> No .... I do not link the two organizations as directly as the hon. gentleman seems to. ... Our position in NATO has been stated before and it remains the same. In so far as the contractual link is concerned, I will be visiting Denmark for one day and Luxembourg for one day. During those visits, I shall be talking about contractual links.[804]

Thus, no overlap is to be found in the official interactions between Canada and the EC *qua* entity.

Whether NATO was "formally" associated with the contractual link by the Member States remains open to semantic quibbling: up to a point formality, like beauty, rests in the eye of the beholder. As far as can be determined, the issue was never cast into a crude "either-or" dichotomy, to be sure, nor was this necessary. Few observers capable of reading between the lines of suggestions by diplomatic representatives in Ottawa "that, if the defence review had not been favourable to NATO, the European attitude going into the negotiations might have been cooler" yet[805] were left in doubt. The message was not lost on the government:

> Participation in NATO provides a means of strengthening our relations with the countries of western Europe. To the extent that most, if not all, of the European members of NATO attach considerable importance to the alliance as a guarantee of their security, Canadian support for and active participation in the political and military activities of the alliance can help create a favourable attitude towards Canada on the part of the individual European governments. This can, in turn, influence the position of some governments when, as members of the EEC, they are required to take action which could affect Canadian interests. A good example of this interaction was the West German government's initiative in making a direct reference to Canada's economic interests in the communique issued by EEC heads of government last year. This step was prompted, we have good reason to believe, by the importance the Germans continue to attach to maintaining a Canadian presence in Europe.[806]

Merely maintaining a token "European presence" proved insuficient to secure German support, doubly vital in light of reservations harboured by both Britain and France *vis-a-vis* the framework agreement as unduly stretching the EC's external competencies.

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[804] *Hansard*, 20 May 1975, p. 5911.

[805] Humphreys, "Canada's Links," p. 34. On this see also Gerald Wright, "NATO in the New International Order," *Behind the Headlines* 36:4 (April 1978), p. 16.

[806] Mitchell Sharp, "NATO: How It Serves Canadian Interests. Notes for a Talk to the Canadian Parliamentary Association by the Secretary of State for External Affairs, the Honourable Mitchell Sharp, Ottawa, April 17, 1973," S/S 73/12, p. 3.

Prime Minister Trudeau's German hosts in February 1975 undoubtedly appreciated what one observer tagged Canada's "sudden new warmth toward NATO"[107] which translated into a determination to freeze the contribution to NATO at its present level. Prime Minister Trudeau's speculations about the unsuitability for Canadian defence purposes of heavy battle tanks[108] must have sounded less reassuring--part of Canada's European contingent consists of armour. In the absence of any pressing bilateral problems, this, juxtaposed to Canada's EC policy, constituted the main point on the agenda. Much to the Germans' chagrin, Canada had previously withdrawn outdated interceptors without replacement. But in November 1975 the Minister of National Defence announced Canada's decision "to maintain in Europe a land force and an air force designed and equipped to contribute a strong combat capability to NATO's ... central region," to be achieved either via "retrofit" of the extant ailing *Centurions* or the acquisition of new tanks.[109] The eventual decision to purchase the superb *Leopards* was truly ointment on old German sores.

Subsequent German championship of the contractual link can be more than circumstantially related thereto. Acquisitions of military hardware, the Prime Minister said in the House, did not enter the discussions leading to the framework agreement either at the ministerial or official level. Nevertheless, "in so far as the application of economic co-operation is concerned, it is possible that certain purchases of military equipment are envisaged. ... It might be relevant ... [that] I did discuss the question of NATO when I was in Europe and very often with the same people when I was discussing economic co-operation."[110] Even less cryptically, a German editorialist was told that the *Leopards*, "for which we have no use on our continent" embodied Canada's "European engagement." [111] Unfortunately for the manufacturers of the *Tornado* jet fighter, this engagement evidently required less tangible proof once the Framework Agreement had been obtained.

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[107] "Reaching Toward Europe," *TIME* (Canada ed.), 11 February 1974.

[108] Robert Held, "Ottawa will keine weiteren Truppen aus Deutschland abziehen," *Frankfurter Allgemeine Zeitung*, 27 February 1975.

[109] James Richardson, "Canada's Defence Priorities. A Statement in the House of Commons on November 27, 1975, by the Minister of National Defence, the Honourable James Richardson," S/S 75/40, p. 1.

[110] *Hansard*, 18 February 1976, pp. 11 051-2.

[111] Cit. in Robert Held, "Unser Verbuendeter Kanada," *Frankfurter Allgemeine Zeitung*, 17 May 1977. Translation this author's. A similar interpretation is proffered by John Hay, "New Wings and a Prayer," *Maclean's*, 21 April 1980.

Although the material assurances did in fact do much to put the contractual link on track as far as Bonn was concerned and hence are most relevant to the subject under consideration here, it must be emphasized that they constituted the tail end of a more thoroughgoing adjustment to Ottawa's re-appraised NATO policy. The original review had precipitated a temporary lapse in what Professor Orvik once perceptively described as Canada's long standing "functional approach" to NATO as a means rather than an end of foreign policy.[112] Rediscovery of the alliance's utility to the Third Option, thanks to its numerous ties with partners other than the United States, marked the celebration of the Pact's twenty-fifth anniversary,[113] with the succesful Ottawa NATO meeting that summer providing something of a turning point in so far as it succeeded, at the very least, in papering over, and likely start the healing process of, some of the transatlantic rifts in the alliance through a new declaration of principles.[114] The Ottawa meeting, with no small credit due the Canadians, thereby checked what Secretary General Luns deplored as the "centrifugal forces which, by exaggerating certain misunderstandings, have seemed on the verge of wearing down our will to co-operate while at the same time questioning the justification for our defence policy."[115]

In retrospect, NATO participation can be said to have been a more visible than vital issue to the forging of the contractual link. It was custom-made for the publicity of the most floridly melodramatic Opposition MPs.[116] The fact remains, after all, that despite the 50 per cent reduction in troop strength in Germany, Canada did not pull out of NATO completely or seems ever to have seriously considered that alternative. With its consultative machinery recently proliferating non-military sidelines, NATO was too important as one of the multilateral instruments so cherished by Ottawa's decision-makers for their promise of security in numbers. On the European side, the nexus could have been much more explicitly established, albeit it proved remarkably successful without such escalation. Contributory though it may have been to generating some political back-up inside the convoluted EC decision-making processes, the acquisition of *Leopard* main battle tanks did not tip the scales for Canada's contractual link. Other factors such as the perceived value of Canada as a politically stable and hence reliable source of raw materials and energy rate more highly by far after 1973; so did improved Canadian bargaining methods, skillful use of transgovernmental channels and the presentation of an attractive offer to the EC. This will emerge more clearly from a scrutiny of the link's morphology and access to primary materials as issues.

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[112] The functional approach is detailed in Nils Orvik, "Semi-neutrality and Canada's Security," *International Journal* 29:2 (Spring 1974), esp. pp. 201, 206ff.
[113] See Peter Strafford, "France and US Heal NATO Rift," *The Times* (London), 19 June 1974, and *International Canada* 5:4 (April 1974), pp. 83-4.
[114] See "NATO Declaration Off Ice as US-Europe Links Grow Warmer," *The Times* (London), 8 June 1974, and also C.J. Marshal, "Negotiating NATO Declaration: The Difficult Road to Consensus," *International Perspectives* (September/October 1974), pp. 22-6.
[115] Cit. in Peter Strafford, "France and US Heal NATO Rift," *The Times* (London), 19 June 1974.
[116] Unsurpassed was Mr McKinnon's performance when he dismissed the prime Minister's concern with NATO as not originating with security considerations which he accused Mr Trudeau to be contemptuous of: "No, the Prime Minister is interested in NATO because he was in no doubt that, if he wanted his 'contractual link' with the European Community, a precondition of a favourable deal was to end his shameful neglect of the equipment needs of the Canadian Armed Forces. A sad state of affairs has surely come to pass when foreign governments care more for Canada's Armed Forces than does the Trudeau cabinet." *Hansard*, 15 October 1976, p. 125.

C. Structures, Processes, and Issues

Enlargement

Enlargement formed a central issue on the Canada-EC agenda--no longer, as under Mr Diefenbaker, solely on the Canada-UK agenda. Loath to become "the Canada of Western Europe--a regional power with no region"[817] and with the exit from the political stage of General de Gaulle, London's stubborn persistence was crowned with the successful conclusions of accession talks at Luxembourg's Kirchberg Center in the summer of 1971. Ottawa's position differed markedly from a decade earlier. Voices like the PC member's for Pembina, Jack Biggs for whom "England has just been forced, through no fault of her own, into the European Common Market,"[818] by now rang as quaintly comic anachronisms. Attributable to changing immigration patterns in conjunction with loosening nostalgia and economic links to Britain, such catcalls in any event drowned in an ocean of public indifference. In his unmistakable style, James Eayrs summed up:

> It is hard to prove, it is hard even to document, yet Britain and the British do dwell in a smaller sector of the domains of our consciousness than they did ten years ago. This is not just because their Beatles have disbanded, and Twiggy is in retreat, or even because our key ministers now are mostly francophone. Exotic cultures new to us compete for our attention, and our trade. Japan, the Soviet Union, China, even Indonesia, have assumed an importance in Canadian schemes and schedules inconceivable in 1961. The third of us whose roots are elsewhere than in Britain or in France are moving

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[817] Cit. in Alan Harvey, "Should the U.K. Now Feel Sorry for *Us*?" *Saturday Night*, November 1972, p. 11.

[818] *Hansard*, 22 November 1971, p. 9775.

> Canadian political culture off its Anglo-Saxon base. "Leave them alone," Stephen Leacock remarked of Canadians of Ukrainian descent, "and pretty soon they will think they won the battle of Trafalgar." They are thinking nothing of the sort. Nor are Canadians from homelands in Italy, Germany, Portugal, Poland, Hungary, Yugoslavia, or any of a score of others. These Canadians are neither anglophiliac nor anglophobiac, they just could not care less.[119]

Hence, the government could, and did, on the whole take a muted, deliberated approach to the issue. Mr Trudeau fielded a veritable barrage of questions regarding the fate of Commonwealth preferences and Canadian access to the UK market by coyly pointing out that nothing specific could sensibly be undertaken until after the terms of British entry into the EC had crystallised. The Prime Minister added for good measure, however, that retention of Commonwealth preferences would contravene the Treaty of Rome, ruling out any such hard and fast promises from London.[120] Note that the government position was not always sans contradiction. A few days after the above statement, in spite of the still uncertain entry terms, the Minister in Charge of the Wheat Board, Mr Lang, mentioned British pledges "that a place for Canadian grain in the United Kingdom is assured at high levels whether the United Kingdom remains in its present position or becomes a member of the EEC."[121] Evidently, then, some concerns previously encountered remained quite alive. But this time the Canadian government was not content to look on sympathetically nor to grouse from the sidelines. Brussels sources favourably contrasted Ottawa's "constructive" attitude to Australia's renewed obstreperousness.[122]

So Secretary of State for External Affairs Mitchell Sharp and Minister of Industry, Trade and Commerce Jean-Luc Pepin departed to tour the European capitals in order to impress Canada's views upon national politicians and Eurocrats alike. Interestingly, M. Pepin emerged as the somewhat more alarmist (but also the more specific) of the duo, possibly a function of their respective portfolios.[123] Their European interlocutors were confronted with these main issues: (1) Canadian access to the enlarged EC generally and the maintenance of British markets for Canadian goods in particular; (2) mutuality of interests between Canada and the UK with the derivative scope for adjustments; (3) Ottawa's intentions to make fullest use of multilateral as well as bilateral arrangements; (4) the need for new multilateral initiatives to be launched simultaneously with the EC enlargement negotiations; (5) anticipated disruptions of Canadian trade patterns attributable to enlargement; (6) Canada's intent more than in the past aggressively to take advantage of the European market potential; (7) articulation of Ottawa's fears lest trade polarization between Europe and the US spark a North Atlantic Trade war.

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[119] James Eayrs, "Canada and the Enlarged Community: Tradition, Trust and Trade," *Round Table* 61:4 (October 1971), p. 545. A similar case is made by Clyde Sanger, "Canada," *New Community* 1:1 (October 1971), pp. 63-4.

[120] *Hansard*, 26 January 1970, pp. 2802-3.

[121] *Hansard*, 10 February 1970, p. 3414.

[122] See Juliet Lodge, "Canada and the Community," *European Community* (London), 7 (September 1974), pp. 6-7, and also A.M. Rendel, "The Queen Agrees to Visit Canada for Commonwealth Meeting," *The Times* (London), 5 December 1975.

[123] Side by side the following two speeches make this evident: Jean-Luc Pepin, "Canada and the Enlargement of the European Economic Community--I. A Statement Tabled in the House of Commons by the Honourable Jean-Luc Pepin, Minister of Industry, Trade and Commerce on December 1, 1970," S/S 70/17 (also as Appendix to *Hansard*, 1 December 1970, pp. 1668-70). and Mitchell Sharp, "Canada and the Enlargement of the European Community--II. An Address by the Secretary of State for External Affairs, Honourable Mitchell Sharp, to the Union of Foreign Journalists in Belgium, Brussels, December 1, 1970," S/S 70/18.

While the champagne toast celebrating the successful conclusion of the accession negotiations has been described as tasting of vinegar to Canada,[824] the bouquet proved less bitter than originally feared. Estimates of damages accruing to Canadian trade with Britain after accession ranged from a modest 28 per cent,[825] via close to one-third according to London's chief negotiator Geoffey Rippon,[826] to the noteworthy 70 per cent of certain Canadian sources.[827] These latter were favoured by some Canadian officials including Minister Pepin who at one point feared Britain's turning into the "lock gate" for Canadian imports as "free entry" thanks to Commonwealth preferences shrivelled from 94 to 36 per cent.[828] Given that some 43 per cent of traditional Canadian exports to the UK were unaffected by EC tariffs, those latter statistics were highly inflated. Upon concluding the enlargement talks, Mr·Rippon adjusted his figure downward to 10 per cent.[829] Small wonder, therefore, that observers rated the overall implications as positive for Canada not just because of the economic recovery predicted for a UK within the EC fold but also because temporary losses were to be deflected to the alternative markets staked out in *Foreign Policy for Canadians*.[830]

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[824] "A Taste of Vinegar," *TIME* (Canada ed.), 5 July 1971.
[825] Ibid.
[826] See Sanger, "Canada," p. 64.
[827] For instance A.M. Domingo, "Canada-U.K. Trade: What Comes After EEC?" *Canadian Business* 46:6 (June 1971), p. 28.
[828] M Pepin as cit. in "European Economic Community," *Canadian Chartered Accountant* (January 1971), pp. 4-5, and also Jean-Luc Pepin, "Canada's Trade in a Changing World. A Speech by the Honourable Jean-Luc Pepin, Minister of Industry, Trade and Commerce, to the Brantford Regional Board of Trade, April 16, 1970," S/S 70/7, p. 4.
[829] Sanger, "Canada," p. 64.
[830] See "Implications for Canada of British Entry into EEC," *Industrial Canada* 73 (November-December 1972), p. 12, and Hyman Solomon, "Britain in EEC May Not Hurt--Much," *Financial Post*, 22 May 1971, and G.R. Gough, "Canada's Future Role in the Nine. What EEC Enlargement Will Mean in Terms of Trade," *Canada Commerce* 136:10

[130] Overall, Canada fared well. The phased implementation of the CET in Britain provided a five years' breathing spell, and of the twelve "sensitive items" granted special treatment, Minister Pepin deemed nine of special interest to Canada.[131]

Negative effects, though, would not be evenly shared by all sectors of the Canadian economy. While the CMA estimated its future in Europe resolutely, and even the CLC called for intensified trade relations with the EC to reduce US predominance,[132] agricultural producers would bear the brunt of negative effects.[133] The overjoyed obituary for CAP by the Secretary General of the Canada Grains Council[134] soon proved premature and grossly exaggerated. In fact, the CAP's vicious circle of subsidies and trade barriers, which furthers overproduction to render European farmers less competitive and hence ever more in need of protection, bedevilled Canada-EC relations throughout the period under consideration.[135] Mr Pepin's view that "if Canada manages to export some into the Common Market now, it is most likely that we shall continue to do so when England has joined it" brought cold comfort to Canadian exporters.[136] In one economist's view the decline in Canadian overseas exports due to the CAP reinforced a north-south oriented trade flow.[137] The opening in Brussels of an office by the Canadian Wheat Board[138] most likely eased the flow of information rather than of grain. The matter still awaits a solution agreeable to all, hopefully in the multilateral arena. Ottawa did wring concessions from the EC (see *infra*) but a permanent resolution must await a thorough revision of the CAP by the Community. Mr Pepin's December 1970 warning that "[i]t would be misleading for me to suggest ... that there is a prospect for a major accommodation ... in the short term"[839] still holds true ten years later. Although the CAP's impending financial difficulties are expected to force adjustments upon the Community, this author is not hopeful, given CAP's regrettable corner-stone position in the European edifice, that they will be of a sufficiently fundamental nature to assail its negative international ramifications, especially considering Commission expectations to avoid structural alterations.

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[130](cont'd)(October 1972), p. 2.

[131]They were: Phosphorus, silicon, carbide, plywood, woodpulp, newsprint, ferro-silicon, aluminum, lead, and zinc. The remaining three are alumina, ferro-chrome and wattle extract. "I have no idea what that is," freely admitted Mr Pepin with reference to the last-mentioned tanning material derived from wattle bark. *Hansard*, 6 November 1970, p. 954.

[132]*Canadian News Facts* 9:6 (4 April 1974), p. 1366/2.

[133]"A Taste of Vinegar," *TIME* (Canada ed.), 5 July 1971. Tobacco in particular would be affected since some 90 per cent of Canada's 1.4 billion dollar tobacco industry depended on British sales.

[134]Lewis Fisher stated in *Canada's Grain Market in the European Economic Community* (Ottawa: Agricultural Economics Research Council of Canada, 1969), p. 59 that the CAP had "reached the very verge of collapse," soon to experience "major revisions." Cit. by Mahant, "Canada and the European Community," p. 42.

[135]See for a late example David Fouquet, "EC Farming Policy Produces Bitter Harvest on All Sides," *Financial Post*, 4 October 1980.

[136]*Hansard*, 19 February 1970, p. 3882.

[137]English, "Role of Canada-US Relations," p. 44.

[138]See Senate *Report*, p. 12.

For Ottawa, the first EC enlargement held several valuable lessons. Persistence, patience, and moderation were the primordial ingredients of successful access to Europe. Contacts with Britain regarding accession had not lapsed since 1967, neither at the ministerial nor at the official level.[840] Initial British disinterest, nay hostility, was, however, countered less effectively by the personalities bearing Canada's message--the *Daily Telegraph* irreverently called the visiting Canadian Prime Minister "a trendy prig"[841]--than Ottawa's message of active encouragment for London's application itself. Industry, Trade and Commerce Minister Pepin rejected out of hand as "a denial of the postulate ... [of] the right of England to 'go its own way'" any demand upon Britain to render accession conditional upon the protection of Canadian exports there.[842] Far from doing Canada a disservice by not emulating the justifiably anxious New Zealanders and the querulous Australians, as some Opposition voices charged viciously,[843] let alone resort to the thumb screws of political linkages to vital British interests in other parts of the world,[844] the consistent "quiet diplomacy" of Canada's representatives accredited both to the UK as well as the EC Member States[845] assured a relatively more positive reception of Canadian apprehensions. Only occasionally were they forcefully voiced in the guise of "strong appeals" to the Prime Minister,[846] though Ottawa, according to Minister Pepin, was adamantly "insisting, ha[s] insisted, and will insist on consultations prior to, during, and subsequent to" the accession proceedings.[847] Britain acceded to these *crix de coeur* and the ensuing talks proved so satisfactory to all parts for both Britain's Prime Minister and her Chief Negotiator Rippon to rhapsodize about Canada's "very great understanding"[848] and the "admirable"[849] state of Canadian-British relations during their respective stays in Ottawa.

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[839] *Hansard*, 1 December 1970, p. 1623.

[840] See M. Pepin in *Hansard*, 4 December 1969, p. 1586 and 9 December 1969, p. 1738.

[841] Cit. in Robert Duffy, "U.K. Losing Interest in Canada," *Globe and Mail*, 26 January 1970.

[842] *Hansard*, 4 December 1969, p. 1585. Elsewhere Mr Pepin also dismissed as not "particularly useful" a repetition of the Diefenbaker Government's 1963 policy of demanding a firm commitment to protecting hazily outlined "essential interests" of Canada; ibid, 9 December 1969, p. 1738.

[843] See for instance *Hansard*, 8 September 1971, pp. 7649-50.

[844] The Member for Dauph Gordon Ritchie made a connection to security interests in the Indian Ocean, *Hansard*, 9 February 1371, p. 3217.

[845] See Mr. Sharp in *Hansard*, 10 December 1971, p. 1916.

[846] See for the "strong appeals" to Prime Minister Harold Wilson, David Crane, "Easing of EC Trade Terms Sought Through British P.M.," *Globe and Mail*, 24 January 1970, and *International Canada* 1:1 (January 1970), p. 18.

Still, the accession episode crassly highlighted the limits of traditional bilateral relations. For one, the twelve sensitive items list resulted at least as much from enlightened British self-interest coupled to the EC Commission's eagerness to finally effect the long-overdue enlargement as from Canadian representations. What is more, the hot tea and tepid friendly assurances,[850] which Canadian visitors were routinely treated to in London, did not obscure a certain disillusionment that, in Minister Pepin's words, "we can safely leave the protection of Canadian interests to others."[851] By 1970 few commentators expected Britain to assume enthusiastic stewardship of Canadian interests save in so far as Canada's economic importance warranted it pragmatically.[852] Recent developments in the area of fisheries confirm that London is equally prepared to jeopardize old Commonwealth ties, however nostalgic, and new potential alliances inside the EC (see *infra*). Finally, the conspicuous absence of foodstuffs among the twelve sensitive items not only tended to corroborate continuing anxiety among Canadian producers,[853] but, involving as it did the CAP, necessitated improved contacts with the Community itself. Unlike Canadian industrialists, agricultural producers could not regard Britain as a "springboard" into the EC market place as suggested by the UK High Commissioner in Ottawa,[854] the more so because there is little evidence that either of Canada's two "mother countries" in Europe felt the moral obligation, idealistically propounded by one scholar here,[155] to operate as funnels into the EC. In short, the realization matured in Ottawa during the enlargement episode that Canada was left to her own devices. That cast into sharpest relief unresolved issues in the Canada–EC dyad and the need for more direct interface with the EC by means of regularized consultative procedures,[156] affording opportunities to "influence Community decisions at the political level."[157] Grown from Six to Nine, after all, the Community had literally doubled in economic significance to Canada and, *mutatis mutandis*, in weight for diversification. Canada could no longer circumvent the Community proper, cutely summed up by one Rome embassy officer: "While one might have feared the financial gnomes of Zurich (or perhaps Basel) in European transactions of an earlier day, a new, more formidable sprectre has risen, the Eurocrat of Brussels."[158]

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[847] *Hansard*, 19 February 1970, p. 3882.

[848] Mr Wilson cit. in *International Canada* 2:12 (December 1971), p. 241.

[849] Mr Rippon cit. in *International Canada* 2:3 (March 1971), p. 57.

[850] See the article "Some Tea and Assurances," *TIME* (Canada ed.), 18 December 1972.

[851] *Hansard*, 1 December 1970, p. 1624.

[852] See for two examples Lyon, "Quest for Counterweights," pp. 30-1, and Philip Taylor, *When Europe Speaks With One Voice. The External Relations of the European Community* (Westport, Con.: Greenwood Press, 1979), p. 153.

[853] For example see *Hansard*, 9 June 1969, pp. 9867-8 and 2 December 1969, p. 1481.

[854] Cit. in *Hansard*, 22 October 1971, p. 8928. The theory is also discussed in Harvey, "Should the U.K. Now Feel Sorry for *Us*?" p. 11, and J.C. Bradford, "Britain: Industry Fears for the Challenge," *Canada Commerce* 136:10 (October 1972), p. 33.

Multilateral Reflex

True to form, Ottawa's first reflex was multilateral, a policy vigorously endorsed by the private sector.[159] Bodies such as the IMF, OECD, and the GATT continued supposedly as the vehicles towards a liberalized world trading system, vital lest Canada be ground between the US and EC economic blocs.[160] With the British market about to be enclosed behind the CET and CAP, the familiar worries about trade diversion versus trade creation and its concomitant speculation as to an inward-looking versus an outward-looking European Community again haunted some Canadians. Through recourse primarily to the GATT, Ottawa initially hoped if not to forestall at least to mitigate by distributing evenly any such deleterious effects. In Brussels Minister Pepin suggested to Commission officials "that they should give more thought to the need for '*mondialisation*'--or adaptation of the results of the enlargement negotiations to the requirements of world trade" rather than dwelling exclusively on "*elargissment*" and

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[155] Paul Pilisi, "Le Canada et la Communaute Europeenne elargie," *Revue du Marche Commun* 167 (August/September 1973), p. 306.
[156] See for instance "Visit to Europe. A Statement in the House of Commons by the Secretary of State for External Affairs, the Honourable Mitchell Sharp," *External Affairs* 23:6 (June 1971), pp. 203-5.
[157] Mr Sharp paraphrased and cit. in *International Canada* 4:12 (December 1973), p. 336.
[158] D.S. Wright, "How EEC Affects Canadian Exports to Italy," *Foreign Trade* 134, 15 August 1970, p. 21.
[159] See *Senate Hearings*, 21 June 1972, p. 5:12.
[160] See Mitchell Sharp, "The Role of Middle Powers in a Changing World. An Address by the Honourable Mitchell Sharp, Secretary of State for External Affairs, at Carleton University, Ottawa, February 20, 1969," S/S 69/3, p. 4.

,"*approfondissement*" of the EC.[861] Such *mondialisation* was ideally to be bargained out prior to termination of the transitional phase following British accession, much like the Dillon and Kennedy rounds had accompanied previous integrative headway in Europe. Canada's plan miscarried when it failed to gain "endorsement" from either the EC or the US.[862] The two GATT principals were at that period experiencing the nadir in their mutual relations since the end of the Second World War, and were thus far too preoccupied with each other to take more than irritated perfunctory cognizance of Ottawa's concerns--which the Europeans regarded as rather exaggerated anyhow. Lack of a cogent and specific proposal apart, a shortcoming hampering Canada's GATT negotiators throughout most of the 1970s,[863] past Canadian performance there *vis-a-vis* the EC was scarcely given to endear Mr Pepin's *mondialisation* to Eurocrats. Nor would a special GATT conference have proven the most propitious remedy to Ottawa's central complaint. Bilateral association agreements with most of the Mediterranean littoral and preferential arrangements for eighteen formerly Belgian, French, and Italian colonies contained in the Yaounde Conventions on the Association of Overseas Territories placed the EC at the center of a web bound to trap ever more world trade, since extended to Britain's overseas ex-possessions (as it was with the first Lome Convention of 1975) in Africa, the Caribbean, and the Pacific (hence the nomer ACP countries). For Canada, this amounted to the breach "on a broad front"[864] of the nondiscriminatory principle underpinning the GATT. But by extrapolation it ensconced some fifty out of ninety-one GATT members in special relationships with the Community, placing Canada not only in a minority position but alongside the US which began resenting the set-up it had once championed--more incentive for Ottawa to seek redress directly from Brussels.

Throughout the Diefenbaker and Pearson years international institutions provided the foremost locus of Canadian-European Community interface, however unsatisfactory for the most part. Then they seemed to hold forth security in numbers for Canada in an environment in which she felt comfortable, having been instrumental in the system's genesis, and confident of the ultimate backstop, a special relationship with the world's foremost economic power. In the 1970s, the Ottawa-Washington axis showed signs of strain, and the United States must share economic ascendancy with the EC. Time and again as the Tokyo Round unfolded, Canadian negotiants reportedly found themselves confronted with the *fait accompli* of agreement (or lack thereof) reached behind their backs by their European and American colleagues.[865] Initially, during the Trudeau era, functional collaboration between Canada and the EC concentrated in multilateral bodies, too. Mr Sharp lauded as "very close" liaison under IMF aegis with "financial authorities of the EC."[866] The high level OECD trade group preparatory to the upcoming round of multilateral trade talks, led by Jean Rey, Commission President from 1967 to 1970, included Mr A.F.W. Plumptre of Canada's International Development Research Centre,[867] to name just two examples. The management of increasing worldwide interdependence, of course, made consultation and joint co-operative action ever more imperative.[868] Canada laboured hard during GATT's Tokyo Round for less agricultural protectionism (mainly Europe's) and the dismantling of so-called non-tariff barriers to trade (mainly the US'), of which GATT officials identified a staggering eight hundred,[869] as well as review of GATT Article 19 which provides for discriminate protective moves by members in the interest of threatened industries or sectors.[870] The dominance of two participants, the EC and the US (and Japan, albeit to a much lesser degree) whose differences on agricultural issues well-nigh scuttled the Tokyo Rpound altogether, the sluggish beginnings delayed further by few lists having been submitted punctually,[871] and the creeping attrition of non-discriminatory though proliferating "voluntary export restraints," in excess and violation even of the extant GATT escape clause,[872]

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[861] *Hansard*, 1 December 1970, Appendix, p. 1669.

[862] *Hansard*, 15 December 1970, pp. 2049-50.

[863] The accusation was levelled against the government time and again. See for instance Mr Kempling, *Hansard*, 28 May 1975, p. 6214 and Professor Pentland's testimony, *Senate Hearings*, 30 May 1972, p. 4:9.

[864] Domingo, "Canada-U.K. Trade," p. 30.

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[865] See J. Joachim Moskau, "Kanada-EG. Ein weites Feld fuer Partnerschaft," *EG Magazin* (February 1981), p. 11.
[866] *Hansard*, 9 March 1972, p. 678. For a general treatment see also R.A. Dodd, *Le Canada et la Communaute europeenne*, Master's Thesis, University of Montreal 1974, pp. 214-5 and 90-1.
[867] See *Senate Hearings*, 14 March 1973, p. 2:5.
[868] See Mr Turner's Budget Speech, *Hansard*, 18 November 1974, pp. 1420-1.
[869] See "Europe Prepares to Bargain," *The Economist*, 14 April 1973. Canada was far from an innocent victim on this count: Klaus Stegemann and Caroline Pestiau, *Canadian Non-Tariff Barriers to Trade* (Montreal: Private Planning Association of Canada, 1973).
[870] For a review of Canada's stance in the Tokyo Round see among others "GATT: What Canada Is Seeking," *Financial Times* (Canada), 27 June 1977.
[871] See Roderick Oram, "GATT Talks Off to Slow Start With Late Lists," *Globe and Mail*, 5 November 1977.
[872] For a general discussion of the demise of the non-discrimination principle in GATT consult Gordon K. Douglass, "Co-ordinating Economic Policies," in his (ed.) *The New Interdependence. The European Community and the United States* (Lexington, Mass.: Lexington Books, 1979), pp. 80-1. The EC favoured evolution of the present Article 19

[872] resulted in a reappraisal of multilateral approaches to points at issue between Canada and the EC. To be sure, Canada had not quite given up looking expectantly to Washington for what Finance Minister Benson termed "new and meaningful initiatives" in GATT, but already in 1970 disenchantment was ripening that "reductions to trade barriers on a multilateral basis had lost some of its momentum."[873]

This is not to argue that the multilateral connection faded completely, only that it underwent a shift in emphasis during this decade. A dimension was being added through the economic summitry in which the embattled leading industrialized nations have drawn together their waggons. Canada, whether as a major diplomatic triumph[874] or, sarcastically, as a continuation of Canadian leaders' "almost juvenile pride" to play in the big league,[875] was admitted to this round in 1976 which included four of the Nine (Germany, Britain, France, and Italy). The President of the EC Commission joined the exclusive group in 1977.[876] It is to these summits that much of the western industrialized world's strategic economic planning and harmonization of goals, if not policies, has been removed from the older multilateral fora. Mention not just in conjunction with the OECD, IMF, and others, but often before them[877] or emphasis by a prefacing "particularly"[878] bespeak the summits' moment. In the 1960s GATT and the OECD in particular were the arenas to which Canada had recourse to resolve dyadic conflicts with the Community (or its Member States). Since the advent of the contractual link, such confrontations are preferably to be eschewed through prior conferences presumably aligning Canada with the EC as one of the dominant triad of international economics:

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[872] (cont'd)over drafting an entirely new clause. See Stephen D. Cohen, *The European Community and the General Agreement on Tariffs and Trade* (Washington, D.C.: European Communities Information Service, 1975), pp. 19-20.

[873] Speech by Mr Benson in Vancouver as rendered in *International Canada* 1:11 (November 1970), p. 240.

[874] This interpretation is Jacqueline Grapin's, "Vive le Canada libre," *Le Monde*, 31 January 1978.

[875] P.V. Lyon, *The Policy Question: A Critical Appraisal of Canada's Role in World Affairs* (Toronto: McClelland and Stewart, 1963), p. 67, notes with irony: "Canadian cabinet ministers have been known to show almost juvenile pride when invited to be on first-name terms with their opposite numbers in Washington."

[876] For details, achievements, and evaluation consult Elke Thiel, "Economic Summits from Rambouillet to Venice," *Aussenpolitik* 32:1 (First Quarter 1981), pp. 3-14. The Canadian Government, of course, hosted the most recent summit in July, 1981.

[877] As did Pierre E. Trudeau, "The Road to Economic Recovery," *Atlantic Community Quarterly* 16:2 (Summer 1978), p. 147.

[878] As did Don Jamieson, "Current Issues in Canadian Foreign Policy. A Statement by the Secretary of State for External Affairs, the Honourable Don Jamieson, to the House of Commons Standing Committee on External Affairs and National Defence, Ottawa, March 8, 1979," S/S 79/5, p. 3.

> [T]he Community, like Japan, like the U.S., is a major participant in trade negotiations in Geneva. ... It is, therefore, ... of importance to us that we should have access to the Communities and that we should have opportunities to discuss beforehand the course we and the Community intend to take in ... international organizations dealing with matters, which, after all, are to us of bread and butter interest on an everyday basis. The contractual link commits the Community and ourselves to consultation, to keeping in close touch so that we can operate in such a way that we shall avoid whenever possible conflicts and that we can ... concert our action to our mutual advantage....[879]

Ambassador Cadieux presented the contractual link essentially as the logical culmination of an association weaned not so much from numerous multilateral interconnections in the security, trading, energy, and monetary fields as from bilateral interactions, on which plane he predicts the bulk of Canada-European relations to be located in future as well.[880] At that end of the spectrum, GATT in particular retains significance as the arbiter within the bounds of mutually acceptable international rules of very specific and technical quarrels. Thus, following enlargement, Canada and the EC were locked in prolonged tariff renegotiations pursuant to GATT Article 24(6) from March 1973 to February 1975, culminating in a compensatory package for Canada covering in excess of a quarter billion dollars worth of trade with the Nine.[881] Canada, in fact, proved the last hold-out after all other claimants had been satisfied by a global concession in July 1974. Ottawa held out in spite of the EC's offering concessions on some thirty products pending a settlement on Canadian Cheddar, to come into force synchronously with Britain's phased transition period, in return for special product specifications.[882] Inability to accept the same terms as all other GATT participants, deriving from a special Canadian position in the British market, was thereafter trotted out by Canadian spokesmen as one reason underlying the quest for a contractual link.

Strictly on a dyadic basis, GATT now appears very much a last resort between Canada and the EC, as demonstrated by the ongoing quarrel over footwear imports.

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[879] Marcel Cadieux, "The Contractual Link: Why and How? Address by Mr. Marcel Cadieux, Ambassador of Canada to the European Communities, to the Canadian Institute of International Affairs, Toronto, November 24, 1976," S/S 76/33, p. 3.

[880] Marcel Cadieux, "Prospects Excellent for Canada-Europe Cooperation. A Speech to the Canadian Petroleum Association, the Independent Petroleum Association of Canada and the Canadian Association of Oil-Well Drilling Contractors, by Mr Marcel Cadieux, Ambassador of Canada to the European Communities, Calgary, February 4, 1976," S/S 76/13, p. 2. Note that a German colleague contradicted this prognosis.

[881] See *Bull.EC* 8:2 (February 1975), pt. 2.3.27, p. 57, and *International Canada* 6:3 (March 1975), pp. 59-60 and 79-80.

[882] See "Major Reduction Obtained in EEC on Canadian Aged Cheddar," *Canada Commerce* 139:6 (June 1975), Update Section, William Johnson, "Trudeau Announces EEC Goals on Marketing of Canadian Goods," *The Globe and Mail*, 1 March 1975, and *Hansard*, 17 June 1980, pp. 2186-7.

Anxiously watched by the Canadian Government since early 1972,[113] Ottawa imposed restrictive measures under GATT Article 19 in 1977. On the face of things directed against damaging imports originating in the so-called threshold countries, those measures in effect severely hurt Italy. Community protest was lodged through a strongly worded *Note Verbale* contending that European imports were blameless for disruptions of the Canadian markets.[114] Henceforth, footwear quotas have occupied the EC-Canada consultative mechanisms and a lengthy war of words has ensued. Upon the quotas' extension--they had been imposed for three years--by one year to 30 November 1981, the Commission reserved the right to reprisals in accordance with GATT.[115] In a textbook illustration of transnationalism, the European Confederation of Footwear Industries appeared before a Canadian anti-dumping tribunal which, in October 1980, recommended removal of the quotas so as to entice Canadian manufacturers to brave international competition rather than stifling their export potential through the near-monopoly on a sheltered home-market.[116] With this shot in the arm, the Community reiterated its warning and in November dispatched a posse of officials to Ottawa for further discussions. The threat under GATT has not apparently been realized. Meanwhile, reconciliation of the divergent agricultural interests continues to exercise the MTN's dairy, meat, and cereals subgroups.[117]

Nature of the Link

When still apprenticed to Lester B. Pearson as a Parliamentary Secretary, Pierre Elliott Trudeau reportedly laid out a "bridgehead" to Europe counterbalancing US hegemony.[118] As is the case with the elusive tunnel below the British Channel, though, the often acknowledged desirability failed to engender feasible designs. Certainly none eventuated from the foreign policy review. Judged by one scholar hardly renowned for his sympathetic appui for the review as the most cogent,[119] the pertinent booklet of *Foreign Policy for Canadians* explained Canada's "large stake" there by casting Europe as "the only area outside North America where the major themes of Canadian foreign policy converge."[190] Its ambitious fourth chapter projects economic, scientific and technological co-operation, higher rates of cultural exchanges as well as continued membership in NATO by way of contributing to European security and detente. The introductory brochure, though, equivocates. Despite new links, notably with the European Community, the "predominance of transatlantic ties" was to give way to "a more evenly distributed policy emphasis, which envisages expanding activities in the Pacific basin and Latin America,"[191] leading one observer to anticipate a shift away from western Europe.[192] This merely reflected vascillation within the government. Before the Consultative Assembly of the Western European Union, for instance, then Parliamentary Secretary to the Secretary of State for External Affairs, Jean-Pierre Goyer, firmly endorsed the European connections.[193] But he downplayed the European part in Canada's foreign political scheme of things as no longer a privileged one, albeit still of primary importance, when speaking to the Royal Commonwealth Society.[194] Indeed, original diversificatory moves branched out in non-Atlantic directions, including the Soviet Union whose perfervid wooing by Mr Trudeau caused some consternation. It was not until the Third Option that Europe, and with it the EC, moved centre-stage.[195]

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[113] *International Canada* 3:2 (February 1972), p. 26.

[114] *Bull.EC* 10:12 (December 1977), pt. 2.2.64, p. 88.

[115] *International Canada* 11:7-8 (July-August 1980), p. 152.

[116] "Ottawa Draws EEC Warning on Shoe Quota," *Globe and Mail*, 23 October 1980, and *International Canada* 11:10 (October 1980), p. 227.

[117] See Cohen, *European Community and General Agreement*, p. 19.

[118] Cit. in "Entente, But No Trade Alliance," *TIME* (Canada ed.), 4 November 1974.

[119] Lyon, "Trudeau Doctrine," p. 41.

Absence of a coherent policy may signify confusion rather than disinterest, and the host of references to the Community in *Foreign Policy for Canadians*, which devotes an entire Chapter to quite realistically analysing the "new Europe,"[196] demonstrates interest. Pierre Elliott Trudeau, who once wrote that it "is not the concept of *nation* that is retrograde; it is the idea that the nation must necessarily be sovereign,"[197] was avidly sympathetic to what he regarded as "perhaps the finest example of once hostile countries forming economic links in the aftermath of a terrible war,"[898] thereby transcending the nation state. More importantly, to recognise the EC as more than "the sum of its national parts" and hence existing "of them and for them; yet ... in addition to them,"[899] was to recognise the desirability of closer relations with the Community *qua* entity. Consequently, it is reasonable to assume Pierre Elliott Trudeau as a prime mover behind the more frequent contacts with the EC and especially the contractual link, notwithstanding later claims to parenthood by External Affairs for having "identified and preached" that objective.[900] Largely an experiment in crossfructuating foreign officers' experiences with the insights of journalists and academics, the attendance by none less than Mr Sharp himself at the opening of the January 1969 CIIA Hull conference on Europe also mirrors at least partially this bolstered interest in Europe and the EC. So did, in October of the same year, the first high level working-meeting in Ottawa between representatives of the EC Commission, headed by the Commissioner responsible for foreign relations M. Deniau, and their Canadian analogues. Unfortunately, albeit attractive not only for its explanatory parsimoniousness, prime ministerial good-will alone will not render a satisfactory explanation.

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[190] "Europe," *Foreign Policy for Canadians*, p. 30.
[191] "Foreign Policy for Canadians," *Foreign Policy for Canadians*, p. 39.
[192] Peyton V. Lyon, "Foreign Policy in the Trudeau Era: Or Plus Ca Change, Plus C'Est la Meme Chose," *Commentator* 15:2 (February 1971), p. 9.
[193] Jean-Pierre Goyer, "A New Look at Canada and Europe. Text for a Speech by Mr. Jean-Pierre Goyer, Parliamentary Secretary to the Secretary of State for External Affairs, to the Consultative Assembly of the Western European Union, Paris, December 10, 1969," S/S 69/24, pp. 4-5.
[194] Summarized in CIIA, *Monthly Report* 8:7-8 (July-August 1969), pp. 211-1.
[195] This theme is developed in Peyton V. Lyon, "The Quest for Counterweight: Canada and the Expanding European Community," in Peter Stingelin (ed.), *The European Community and the Outsiders* (Don Mills, Ont.: Longman Canada Limited, 1973), esp. p. 57.
[196] Ch. 2, "Europe," *Foreign Policy for Canadians*, pp. 7ff.
[197] Pierre E. Trudeau, "New Treason of the Intellectuals" in his *Federalism and the French Canadians* (Toronto: Macmillan of Canada, 1977), p. 151.

With Mr Trudeau's election Canadian-US relations cooled at the political level. In the best tradition of North American diplomatic history, maritime issues loomed large. More emphatic stewardship of the Canadian arctic region from both a sovereignty as well as an ecology perspective turned the pathbreaking voyage of the tanker *Manhattan* into a source of conflict between Ottawa and Washington subsequent to Canada's extending her jurisdiction to one hundred miles. Extended fishing zones, irrespective of allowances made in Ottawa for "historic fishing rights," smarted continuously. Canadian requests for restraint in the conduct of the Vietnam war contributed,[901] as did the economics of the 1965 auto pact tilting decidely to advantage Canada.[902] This last issue, though, was symptomatic of deeper discontent in the United States, drained by the regrettably futile Asian conflagration, with her international economic performance. Matters were brought to a head by "that international disaster from Texas, Mr Connolly" in Senator Cameron's hard-hitting epithet,[903] when the American Secretary of the Treasury, on 15 August 1971, imposed import surcharges. The inability to wriggle out as in the past by virtue of the special Canadian-US relationship cannot but have sped along the formulation of the Third Option.

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[898] Pierre E. Trudeau in a speech at a state dinner in honour of Prime Minister Begin of Israel, cit. in *European Community* (Ottawa), November/December 1978, p. 3.

[899] Pierre E. Trudeau, "Canada and the European Economic Community. A Report to the House of Commons on October 28, 1974, by the Prime Minister, the Right Honourable Pierre Elliott Trudeau," S/S 74/12, p. 2.

[900] See W.M. Dobell, "Interdepartmental Management in External Affairs," *Canadian Public Administration* 21:1 (Spring 1978), p. 98. This author's interpretation tends to garner corroboration from such authorities as W.A. Matheson, *The Prime Minister and the Cabinet* (Toronto: Methuen, 1976), pp. 56-7 and Geoffrey Stevens, "Mr Trudeau Woos Europe. Canada's Attempts to Lessen Dependence on the United States," *The Round Table* 65:4 (October 1975), pp. 401-9.

[901] For a discussion see Robert O. Keohane and Joseph S. Nye, *Power and Interdependence. World Politics in Transition* (Boston: Little, Brown and Company, 1977), pp. 178ff.

In effect, "Connollyism" amounted to serious American tinkering with the North Atlantic economic regime, originally nurtured by the United States at considerable expense to herself but now self-pityingly attributed to "Uncle Sucker's"[904] misguided magnanimity. Therefore, the EC, too, found itself caught in the wake and reacted with shock and dismay. The noteworthy parallel to Canada extends even to the somewhat brutal since non-consultative implementation of the surcharges.[905] "We had a problem and we're sharing it with the world," Mr Connolly tactlessly observed, "just like we shared our prosperity. That's what friends are for."[906] Unrepaired (if not exacerbated) by Secretary of State Henry Kissinger's hapless "Year of Europe" in 1973, European-American relations also took a rude jolt, lamented in a lucid article by former US Ambassador to the EC as afflicted with "a kind of common death wish."[907] With the August 1971 surcharges a building conflictual process culminated which involved monetary and commercial questions as much as the relative North Atlantic power distribution, economic and political, among Europe and the United States.[908] Naturally, western Europe more than Canada, where the distasteful "free rider" theorem cannot be dismissed off-hand, remained dependent on the US nuclear umbrella, perforated though it might look. The confluence of disenchantment in Canada and Europe still augured well for the Ottawa-Brussels dyad and, while extraneous to it, ranks as the chief environmental condition.

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[902] See on this Carl E. Beigie, "The Automotive Agreement of 1965: A Case Study in Canadian-American Economic Affairs," in Richard A. Preston (ed.), *The Influence of the United States on Canadian Development. Eleven Case Studies* (Durham, N.C.: Duke University Press, 1972), pp. 113-23.

[903] Senate of Canada, *Proceedings of the Senate Standing Committee on Foreign Affairs, Canadian Relations with the Expanded European Communities* (hereafter cited *Senate Hearings*), 21 June 1972, p. 5:12.

[904] The term especially coined to voice the feeling that the self-seeking Europeans have not properly appreciated American assistance is cit. in Theodore Geiger, *Transatlantic Relations in the Prospect of an Enlarged European Community* (London: British-North American Committee, 1970), p. 41.

[905] On this consult Robert J. Lieber, "Expanded Europe and the North Atlantic Relationship," in Frans A.M. Alting von Geusau (ed.), *The External Relations of the European Community. Perspectives, Policies, Responses* (Westmead, Farnborough: Saxon House D.C. Heath, 1974), pp. 55-6.

[906] Cit. in William C. Wallace, "Issue Linkages Among North Atlantic Governments," *International Affairs* 52:2 (April 1976), p. 167.

[907] J. Robert Schaetzel, "A Dialogue of the Deaf Across the Atlantic," *Fortune* 86:5 (November 1972), p. 148. See also his testimony in *Senate Hearings*, 20 February 1973.

Urgency was injected by fears in Ottawa of being outflanked by the Americans. In May 1969 and March 1970 then External Affairs Commissioner Jean-Francois Deniau visited Washington to explore the possibilities of an "organized dialogue" between the US and the EC to serve as a safety valve for mounting tensions and more firmly entrench the Community in American minds as the economic and comercial spokesman for the Six (Nine).[909] This dialogue was institutionalized under Deniau's distinguished successor in the so-called "Samuels-Dahrendorf" committee, convening twice annually since October 1970 alternatively in Brussels and Washington to tackle, in the words of its European architect, "all questions of common interest, small disputes, and large tasks ... without having to wear the straightjacket of formality."[910].Even if this did not, in Secretary Sharp's hyperbole, transform "the economic world of the developed countries ... [into] a US-EEC dialogue,"[911] it might conceivably have nourished in Brussels what one senior External Affairs officer called "a North American policy or any other form of continentalism," detrimental to Canada's separate identity.[912] These apprehensions in turn spurred Ottawa's desire for a "special relationship" with the EC by implication exceeding the Samuels-Dahrendorf arrangements in scope and institutionalization, yet distinctly short of associate status, an old mirage still haunting some Canadian politicians and repeatedly put to rest by the government in the early years of the 1970s.[913] From this the Commission shied away, however, wary of destabilizing its tenuous *entente* with the United States whose principal bugbear after CAP was the EC's propensity to enter preferential agreements with neighbours and ex-colonies. As Ambassador Schaetzel phrased it somewhat undiplomatically, the Commission "would be out of their minds to go down that road and further inflame their relations with the United States which already are not a model of international decorum,"[914] by apparently playing favourites with Canada. The American government vicariously flattered Ottawa by jealously monitoring Canadian overtures to Europe. Observers sympathetic to and disapproving of diversification with Europe found themselves in unison on at least this one point, that Washington would likely retaliate against Canada.[915] As late as spring 1976, only a few months away from the contractual link, Commission President Ortoli felt compelled to hasten on to Washington from Ottawa in an "unofficial courtesy call," after most official talks in the Canadian capital, to palliate American suspicions of a preferential EC-Canada "gang-up."[916] Small wonder therefore that the EC's willingness to strengthen bonds with Canada, reaffirmed eventually at the highest level during the October 1972 Paris summit, did not originally extend beyond the "constructive dialogue" emplaced with the US and envisaged with Japan, sweetened for Ottawa by the vaguest promises of "ensuring a harmonious development of world trade" in GATT and exploration of "the longer-term proposal of economic relations" bilaterally.[917] Keen though the Liberals must have been on foreign political mileage prior to an election, neither two journeys to Brussels by Mr Sharp and a call on Prime Minister Trudeau in Ottawa by Commission President Malfatti in 1971, nor a June 1972 conference of ranking officials, yielded more than semi-annual consultations patterned after the Euro-American dialogue. They convened for the first time in November 1972.

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[908] An excellent treatment is Lothar Ruehl, "The Nine and NATO. The Alliance and the Community: An Uncertain Relationship," in Ludz *et al.*, *Dilemmas*, p. 248f.

[909] For this problem see the intriguingly entitled "Atlantic Dialogue: Who Speaks for Europe?" *European Community* (Washington) 152 (January 1972), p. 17.

[910] Ralph Dahrendorf, "Greatness Creates Responsibility--The New Transatlantic Relationship," *International Journal of Politics* 5:1 (Spring 1975), p. 41.

[911] Mitchell Sharp, "Canada and the Pacific. Speech by the Honourable Mitchell Sharp, Secretary of State for External Affairs, to the Foreign Correspondents' Club, Tokyo, April 15, 1969," S/S 69/9, p. 3.

[912] Cit. in "reaching Toward Europe," *TIME* (Canada), 11 February 1974.

[913] See Max Saltsman in *Hansard*, 1 December 1970, p. 1625, A.D. Hales, ibid, 25 June 1971, p. 7323, and A.P. Gleave, ibid, 1 February 1971, p. 2941 and again 17 March 1971, p. 4336.

The preceding notwithstanding, the "semi-annuals", as the consultations came to be known, must not lightly be dismissed as a stepchild or a waystation *en route* to the contractual link. Since their inception, the semi-annuals met habitually in the first and fourth quarter of each year, and neither side treats them as superceded by nor subsidiary to the consultative mechanisms brought into being by the Framework Agreement of 1976. Logistical considerations fostered parallelism so that semi-annuals tend to be accompanied by meetings of the Preparatory and General Subcommittee as well as occasionally the Subcommittee for Industrial Co-operation, progenies of the 1976 accord. Overlap in subject matters as well as personnel also commended this approach. Deliberations in these latter two bodies are notably more specific and technical than those of the semi-annuals, though, and meetings are meticulously differentiated administratively, thus preventing their melting into each other. In this author's experience,[918] discussions at the semi-annuals are almost invariably frank, more often than not useful, albeit frequently inconclusive, and sometimes agitated. There is no question that these consultations contributed decisively not only to familiarizing both partners with each other's problems and concerns. They also kicked off the camaraderie ranging Canadian officials and Eurocrats alongside each other in an archetypical transgovernmental alliance *vis-a-vis* the Council of Ministers in the next-to-final phase of the contractual link talks. Noteworthy, too, was the inclusion as participant observers of Canadian provincial representatives (though not all ten Canadian provinces grasp the opportunity at all times) which resulted in an additional albeit underused transgovernmental funnel. Provincial input is not seldom in the guise of perfunctory and shallow summary statements which contribute little to removing irritants to Canada-EC commercial relations originating outside federal jurisdiction (for instance discriminatory practices by liquor control boards, government purchasing policies, etc.). Impressive exception standing out from the humdrum is, not completely unexpected, the Quebec delegation. When not clamouring for its own framework agreement with the Community,[919] Quebec has been the most adamantly vocal province demanding admission to Canada-EC consultative arenas.[920]

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[914] *Senate Hearings*, 20 February 1973, p. 1:17.

[915] See ibid, the testimonies by Professor Pentland (*pro*), 30 May 1972, p. 4:14, and Mr Forest L. Rogers, Financial Adviser with the Bank of Nova Scotia (*con*), Senate *Hearings* 21 June 1972, p. 5:9. A secondary treatment of the evolving American factor in Canada-EC relations is Donald Barry, "The United States and the Development of the Canada-European Community Contractual Link Relationship," *The American Review of Canadian Studies* 10:1 (Spring 1980), pp. 63-73.

[916] "No, It's Not a Gang-Up," *The Economist*, 28 February 1976.

[917] European Communities, Commission, *Sixth Report of the Commission 1972*, pt. 438, p. 303.

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[918] As part of an administrative internship served at the EC Commission headquarters in 1977-78, this author was privileged to participate actively in the semi-annuals' tenth round held in Brussels in January 1978.

[919] "Il faut un accord Quebec-CEE selon Jacques-Yvan Morin," *Le Devoir*, 16 March 1977.

[920] See for example *International Canada* 8:7-8 (July-August 1977), p. 195.

Nor is it totally fair to regard the consultations as a "special relationship" aborted at the embryonic stage since they did constitute the prime objective of Canada's EC policy into 1972. The 17 February Speech from the Throne proclaimed that "trade talks will seek to enlarge opportunities for Canadian manufacturers and the consultative machinery with the European Economic Community and its member states will be strengthened."[921] Similarly, the Secretary of State for External Affairs, testifying before the Senate Foreign Relations Committee the following month, made no reference to the pursuit of a formal trade agreement and clarified that "we have been having not formal negotiations but consultations"[922] with the Community, to which distinction he seemed to attach significance. Late in May, his Industry, Trade and Commerce colleague surprised the Senators--their startled reaction prompted M. Pepin to wonder rhetorically, "am I announcing it now?"--when he revealed a reconnaissance party of senior officials was to be dispatched by mid-June to broach with the Commission and all nine Member States "the possibility of putting into place new consultative arrangements with the EEC" and, beyond those, of "improving the framework for our trade relations with the new entity, by such means as the negotiation of a formal trade agreement."[923] Led by Under-Secretary of State for External Affairs Dupuy, the mission met with Commissioner Dahrendorf on 22 June, surveying means for upgrading Canada-EC relations, if need be through an "overall agreement," in talks carefully billed by the Commission *Bulletin* as "exploratory ... with no commitment on either side."[924] Thus, early in 1972 Canada's EC policy shifted into a higher gear. The very first initiatives leading to the Framework Agreement can be dated June of that year, but only entered what the Secretary of State for External Affairs optimistically labelled their "creative phase"[925] after the EC's Paris summit indicated a modicum of EC receptiveness.

Ottawa laboured hard in the initial years of the Trudeau administration to overcome *vis-a-vis* the EC a peculiarly Canadian handicap: lack of an acknowledged separate identity from the United States. The occasional dissident voice apart, European observers unlike the Council of Europe's Count S.G. Sforza did not regard Canada as a "largely European country"[926] but rather as a smaller scale US,[927] and decidedly "North American." Furthermore, the Canadian habit of riding on American coat-tails primarily but not exclusively on agricultural matters in multilateral organizations did her quest for a recognized separate identity some disservice. "I know the United States is trying to reach agreement with the European Economic Community on grain," Mr Pepin informed the House, "and if such an agreement is reached we will of course ask to be part of it."[928] Such a diplomacy was hardly conducive to Europe's differentiating Canada from the US, the more so since styles were similar. As one middle-level Eurocrat put it to this author: "Canadians want to be different, but when it comes to bargaining they're just like the Americans."[929] A host of visits and counter-visits by EC and Canadian officials (see the chronology in Appendix B), including the first ever by a Canadian Secretary of State for External Affairs to the Commission headquarters in December 1970, in part were to rectify the situation. There was a collective sigh of grateful relief in Ottawa when the communique issued after the October 1972 Paris summit of the EC heads of government called for a "constructive dialogue" with the industrialized partners, aligning Canada with the illustrious company of the US and Japan.[930] Sir Christopher Soames acknowledged this concern when he envisaged a "larger European contribution to Canada's own self-realization."[931]

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[921] *Hansard*, 17 February 1972, p. 2.
[922] *Senate Hearings*, 21 March 1972, p. 2:13.
[923] Ibid, 23 May 1972, p. 3:11.
[924] *Bull.EC* 5:8 (August 1972), pt 121, p. 96.
[925] Mitchell Sharp, "The Major Aims of Canada's Foreign Policy. A Statement by the Secretary of State for External Affairs, the Honourable Mitchell Sharp to the House of Commons Standing Committee on External Affairs and National Defence, Ottawa, March 19, 1974," S/S 74/3, p. 7.

Undergirding the idea of a more formalized *entree* into Europe was a rather far-sighted evolutive assessment of European integration rooted in the "second *relance Europeenne*" the Community experienced in the early 1970s. Succinctly capturing the thrust of Canada's approach in the homely analogy of getting "a foot in the door" to the

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[926] Cit in Jean-Yves Grenon, "Canada's Developing Relations With the Europe of 'Eighteen'," *International Perspectives* (March/April 1976), p. 40.

[927] On this see also Mr Plumtre's testimony in *Senate Hearings*, 14 March 1973, as well as Edelgart E. Mahant, "Canada and the European Community. A Policy-Making Study," Paper Presented to the Canadian Political Science Association, Edmonton, June 1975, p. 17. Mahant speaks of a "mini-US."

[928] *Hansard*, 2 December 1971, p. 10 106. See also in the same vein the communique released by External Affairs following the 23-24 November 1970 meeting of the Joint Canada-United States Committee on Trade and Economic Affairs, Ottawa, in *International Canada* 1:11 (November 1970), p. 227.

[929] Conversation, Brussels, Autumn 1977.

[930] "The Paris Summit--Final Communique." Appendix to Roy Price, *The Politics of the European Community* (London: Butterworths, 1978), p. 195.

[931] Cit. by Uwe Kitzinger in Lalande, *Relations exterieures*, p. 34.

EEC,[932] Mr Trudeau elaborated more elegantly in Parliament:

> We wish ... a relationship that will grow as the Community itself moves from infancy through adolescence to full maturity, ... in which Canada's interests and its singular identity are recognized and reflected in decisions taken, ... in which consultation and reciprocal advice are accepted, a relationship of mutual respect and of give and take.[933]

This novel enterprise in the face of the as yet unknown destination of the European adventure was motivated by a desire to take a creative hand, barring actual membership (a spectre still haunting die-hard opponents[934]), in the EC's evolution and broadening. By discarding the reactive approach to the EC of previous Canadian governments and striking the hot iron, Ottawa might be able to ward off the dreaded break-up of the North Atlantic community into regional blocs precipitated by an inward-looking EC. Regular and tried diplomatic channels, "which most other countries have apparently chosen," would require "a few years" to achieve comparable ends. "But that would ignore the spirit of creativity that now permeates the Community and to which we seek to contribute. Comfort and familiarity are not our criteria; benefit to Canada is."[935] Defending offensively, Canada would advance her diversification policy, to say nothing of economic opportunities opening inside the prospering Nine. Hence, an enthusiastic Mr Trudeau proclaimed Europe, in obvious allusion to Claude Julien's well-known treatise, "*une bonne chance, une grande chance, une chance tres importante* for Canada."[936] Throughout Mr Trudeau's prime ministership this evolutionary character served as the *leitmotiv* for Canada-EC interactions. Thereby Canada was to benefit from earlier contacts by partaking in any EC expansion into new fields. Moreover, lessons were to be derived for the Canadian (and international) situation from close observation of unfolding European unification.[937] The theme found its way into the Framework Agreement: [c]o-operation is to "be realized in evolutionary and pragmatic fashion, as ... policies develop," the Preamble demands.

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[932] Prime Minister Trudeau cit. in, "Notes on People," *The New York Times*, 28 February 1975.

[933] Pierre E. Trudeau, "Canada and the European Community. A Report to the House of Commons on October 28, 1974, by the Prime Minister, the Right Honourable Pierre Elliott Trudeau," S/S 74/12, p. 3.

[934] As late as 1977, Mr Diefenbaker (vainly, to be sure) sought confirmation from Mr Chretien "that negotiations have been going on for some time ... with members of the European Common Market with a view to arriving at a basis upon which Canada can join the ECM?" *Hansard*, 5 December 1977, p. 1538.

[935] Trudeau, "Canada and the European Economic Community," S/S 74/12, p. 3.

[936] Ibid. Whether or not one traces back these conceptualizations, which culminated in the Framework Agreement, to Mr Trudeau's philosophical preoccupation with mechanisms for the effective management of the socio-political environment--this tantalizing hypothesis is Radwanski's, *Trudeau*, p. 142--the intellectual input by the Prime Minister is unmistakably imprinted upon Canada-EC relations in this period.

Disappointingly halting progress towards a commercial accord underscored the versatility of the desire to be more broadly "in lockstep with an evolving Western Europe and the Community."[938] Hence the detour into environmental co-operation with the signing, on 6 November 1975, of Letters of Co-operation, the first agreement of its type between the two signatories. The official communique publicizing the exchange of letters, which covers (subject to future addenda) the evaluation of risks to health and to the environment from pollution, establishment of objectives to deal with pollution, especially aquatic pollution, and protection of the natural environment, makes no bones that it occurred at a time when Canada was seeking avidly to deepen relations with the EC.[939] Now, environmental problems by their very nature respect no boundaries, thereby constituting a paramount candidate for international management, quite apart from the fact that they confront governments with a challenge of truly fundamental ramifications. Albeit surely not exclusively for pragmatic reasons, Canada entered into the environmental agreement after a laborious and lengthy prelude to posit a collaborative precedent, that is, to insert the proverbial foot into other co-operative doors of greater and more immediate bilateral interest.[940] Thus, it was a natural evolution for environmental co-operation to be subsumed in due course under the coordinating machinery of the Framework Agreement, a declared objective of which was "the protection and improvement of the environment."

Discounting that in any case the bulk of Canadian-European environmental interactions finds its natural habitat within a plethora of international organizations, one cannot evade the impression from a survey of dyadic environment collaboration, or lack thereof, that Canada and the EC plunged into the project somewhat haphazardly. The first round of discussions on envrionmental matters was not held until Commisioner Mugnozza's stay in Ottawa in June 1976 when priority areas were identified.[941] Since then, co-operation has not exceeded information exchanges and meetings at the expert level, though efforts are currently under way to synchronize Canada's and the Nine's activities in the various international fora. Tangible results, however, are still pending: "Further expansion of cooperation between European Community and Canadian environmental authorities is expected to result from these discussions," the most recent news release closes wistfully.[942] Inertia on both sides probably posited the chief impediment to real collaboration, though it was also hampered by incomparable legislation, the absence of any real structure for collaboration, and divergent as well as convergent concerns. At the time of writing none of the above had been satisfactorily overcome and all held object lessons for the economic link.

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[937] See Cadieux, "Prospects Excellent for Canada-Europe Co-operation," S/S 76/13, pp. 3-4.

[938] Mr Trudeau to Commissioners Soames and Ortoli, cit. in "Entente But No Trade Alliance," *TIME* (Canada ed.), 4 November 1974.

[939] Canada, Department of External Affairs, Communique No. 107, November 1975. See also *International Canada* 6:11 (November 1975), p. 282. Also *Bull.EC* 8:11 (November 1975), pt. 2223, pp. 33-4. Note that an exchange of letters between the EC and the US had arranged for the trading of information in July of 1975, beating the Canadians to the punch.

[940] For a general treatment see Michel de Montigny, *Cooperation Canada-C.E.E en matiere de politique de l'environnement*, M.Sc. Thesis, University of Montreal, 1974. Montigny also enbraces this theme on pp. 7-8, and 63ff.

Translating the pith and substance of Ottawa's intriguing new theory into practical application to commercial and economic dealings with the Community was frought with vicissitudes, too. Not for want of application, little was achieved prior to the Prime Minister's journey to Europe in October 1974. Throughout the intervening two years, the Commission showed itself politely but dispassionately receptive to Canadian gambits. They were put forth on various levels to commissioners visiting Canada, by Canadian ministers calling at the *Berlaymont* complex, during Parliamentary exchanges and the incipient semi-annuals. The orthodox diplomatic channel of an *aide memoire* was used in November 1972 (the first of a series),[943] and, last but not least, a Canadian Ambassador was appointed exclusively to the Community in December 1972 (accredited the next April). Mr Langley in particular, according to Mr Sharp, was rapidly evolving as "the main link."[944] From it all EC officials came away impressed only by the hazy outlines of the Canadian objective; so, for that matter, did Canadian critics: "We want something more than the 'guff'--if you will excuse me for saying so, Mr Speaker--that the Secretary of State for External Affairs has been getting off when he speaks about institutionalizing our relations with the Common Market."[945] The government's stock response adumbrated this heavy weapon in the arsenal of diversification from the US as modelled on the Canadian-American continental condominium and was none too helpful.[946] Matters were scarcely clarified by the Parliamentary Secretary to the Secretary of State for External Affairs, M. Pierre de Bane's slick description of Canada's aim as "concrete and dynamic co-operation,"[947] a target remarkable only for its inconcreteness.

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[941] *Bull.EC* 9:6 (June 1976), pt. 2229, p. 38.
[942] "European Community Environment Delegation in Canada, 7-11 July 1980," *European Community* (Ottawa) News Release, NR(80)16.
[943] For a list of these interactions consult the chronology in Appendix B *infra*.
[944] *Hansard*, 13 December 1973, p. 8697.

Activity peaked in November of 1973 when "Canada's External Affairs Department, fortunately showing greater modesty than the Nixon Administration, held its 'week of Europe'."[948] OPEC's brutal wielding of what has since come to be known as the "oil weapon" cudgelled Europe into re-assessing the offer by a country so generously endowed with natural resources as Canada: "What is Canada to us? We of course recognize the importance of your country, today in full industrial growth, and as ever before, rich in energy, raw materials and agricultural products, all of which are of vital interest to the Community," Sir Christopher Soames, Commission Vice-President responsible for external affairs declared at a CIIA function, adding, not quite an afterthought, "[a]nd of course we still consider Canada as one of our main trading partners ...."[949] Answering EC requests for precision, the Canadian Government submitted its hapless *aide memoire* of 20 April 1974[950] projecting a joint declaration of principles affirming the intent to negotiate a commercial/economic treaty and identifying promising sectors for co-operation (Point 11), to abut eventually in a "contractual link" (Point 5). As to the pact's content, which was "essentially" to reaffirm the signatories' most-favoured-nation (MFN) status, the *aide memoire* much more prolifically stipulated what *not* to include. The agreement was not to go beyond extant bilateral ones between Canada and the Member States and was to refrain from modifying GATT provisions, in particular its exceptional and reserve clauses (Point 9). Overall, the document showed little imagination and came across first and foremost as an insurance policy for Canada against the EC's legion association agreements and preferences extended to former colonies now belonging to the Third World. Not surprisingly, the draft trade accord produced by Ottawa later in 1974[951] can aptly be summarized as twelve articles of *deja vu*. Redundantly, if meticulously, it sought to re-confirm for the Canada-EC dyad the basic tenets warranted multilaterally in the GATT.

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[945] Mr Stanfield in *Hansard*, 24 April 1972, p. 1564.
[946] See for instance, "Canada-EEC Dealings Similar to U.S.," *Globe and Mail*, 15 January 1972.
[947] *Hansard*, 16 November 1973, p. 7893.
[948] Claude Lemelin, "Objectives Viewed as Too Vague in Ottawa's Approach to Europe," *International Perspectives* (January-February 1974), p. 34. There were coincidental visits by Sir Christopher Soames heading an EC delegation and a group of European parliamentarians as well as a three-day conference on Canada-Europe relations co-sponsored by the CIIA, the Department of External Affairs, and the EC Commission. For full proceedings see "Canada and the European Community. A Conference Organized by the CIIA in Co-operation With the Department of External Affairs and the Commission of the European Community," *Behind the Headlines* 32:6 (February 1974).
[949] Cit. by Jacques Castonguay, "The Enlarged EEC--An Opportunity for Canada," *Canada Commerce* 138:1 (January 1974), p. 4.
[950] "Aide memoire addresse par le Gouvernement Canadien a la Commission de Communautes Europeennes, le 20 avril 1974," rendered as Annexe 1 to Lalande, *Relations exterieures," pp. 85-90.*

The proposal, which confirmed the deplorable pattern of Trudeau administrations to squander brilliant theorizing through maladroit translation into policy, was unacceptable in Brussels. As one Eurocrat acidly put it to a Canadian journalist: "What you want ... is a trade agreement that says nothing except how important it is to trade. Perhaps that is a good thing for your prime minister to wave to the people back home, but it's not the sort of agreement we would want."[952] Possibly this feeling as much as (or rather than) searching study of the proposal found expression in the tardy Commission reaction contained in a report to the Council of Ministers on 12 September.[953] Generally favourably predisposed, the Commission nevertheless recommended greatest caution and thorough deliberation given the novelty of a non-preferential agreement with an industrialized country for which those already concluded with Yugoslavia, Brazil, Uruguay, and India in 1973 as well as Argentina in 1971 could not serve as prototypes (points 6, 7 and appendix). A mere reiteration of the GATT, however, it rejected outright as a "conservative" rather than "modern" instrument endowed at best with symbolic value but no substance (point 8). By the same token, the Commission's preferred course, to envisage a new type of accord involving Canada, the Community, as well as the Member States in economic and commercial co-operation well exceeding traditional commercial policy,[954] would presuppose a "more dynamic attitude" than displayed to date by the Council (points 10-12).

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[951] It is given in full in Clive Baxter, "Would EC Trade Pact Offer Anything New?" *Financial Post*, 16 November 1974.
[952] Cit. in Stephen Duncan, "Beneath the Present Disarray in Europe," *Financial Post*, 12 October 1974.
[953] "Communication du 12 septembre 1974 de la Commission au Conseil," reproduced as Annexe 2 to Lalande, *Relations exterieures*, pp. 91-7.

The inordinately long silence by the EC--the Commission opinion of course being an internal document--meanwhile added weight to opposition charges that the matter was not vigorously enough pursued by Canada nor at a sufficiently authoritative plane--unlike the personal interventions by the Mexican President and President Nixon. The Prime Minister could at first shrug those attacks off appreciative only of the "hon. member's suggestion that I do a bit of travelling" but untenable in light of Messrs. Sharp and Pepin's European shuttle diplomacy.[955] By 1974 even the more sober plea of non-interference with the "assiduous ... cultivating" through various channels[956] sounded less convincing. The Government itself vented impatience in a note dealt the EC co-ordinating group at the United Nations which repeated the Canadian case for diversification with Europe, leading up to three questions: Did the previous *aide memoire* provide a basis for discussion, could some sort of time frame for the next phase be set, and was the EC sympathetic to opening negotiations on a formalized contractual link?[957] This rather unconventional conduit, in line with the ministers' European itineraries, was symptomatic of the "double banking" approach to the EC going hand-in-hand with an intensification of bilateral relations with each member state. The Prime Minister's trips in October 1974 and March 1975, then, were as much to test the waters in the various capitals and at the *Berlaymont* as to advertise the contractual link, the latter objective predominating by the Prime Minister's admission.[958]

The official "evidence of considerable warmth toward Canada ... and ... desire to seek a convergence of interests"[959] aside, their reception engendered mixed feelings in members of the Canadian delegation. Their European interlocutors, be they politicians or officials, were bewildered and some plainly discouraging.[960] One Canadian civil servant with a cynical bent of mind tallied up his experiences as "I think some are a little more enthusiastic in their lip service ... than others."[961] Commission officials, who stood most to gain or lose from the success or failure of the Canadian venture, bluntly termed Canada's contractual link as proposed "banal" and at a press conference after his meeting with Commisioners Ortoli and Soames the Prime Minister conceded "that they are forcing us to put on our thinking caps."[962] Even though a chastened Mr Trudeau apparently took to heart Mr Stanfield's admonition to more diligently apply himself to his European homework,[963] the more comprehensive seventeen-day tour in March was aptly characterized as at best a qualified success[964] and still left the Europeans befuddled. Hence, the contractual link was made no less vacuous a concept by Mr Trudeau's personal intervention, though it could not but have impressed upon the Nine Canada's determination to arrive at *some* pact with the Community.

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[954] The other two options outlined were a GATT-type pact as suggested by Canada or to defer further consideration of Canada's initiative until multilateral negotiations have opened novel possibilities for co-operation, point 10.

[955] See *Hansard*, 10 May 1973, p. 3613 and also 13 April 1973, pp. 3293-4.

[956] *Hansard*, 8 March 1974, pp 318-9.

[957] "Communication du representant du gouvernement Canadien a la Commission de coordination politique du groupe des Neuf au cours d'une reunion tenue a New York le 26 Septembre," Annexe 3 to Lalande, *Relations exterieures*, pp. 99-108.

[958] Mr Trudeau made this point on a Dutch television interview. See William Johnson, "Dutch Appear Cool to Bids by Trudeau for Canadian Link to the Common Market," *Globe and Mail*, 28 February 1975. The first of the two trips took the Prime Minister to Paris and Brussels, the second to London, Dublin, The Hague, Bonn, and Rome.

[959] Mr Trudeau in his statement on the October 1974 visit, *Hansard*, 28 October 1974, p. 783.

The problem far from exhausted itself in insufficient conceptual precision, however. Neither France nor the UK displayed much eagerness at the prospect of the Community's usurping an international role only precariously derivative of the common commercial policy,[965] the integrative momentum of which was in turn tantalizingly clear to ranking Eurocrats.[966] Where Ottawa's original draft agreement had fallen short as repetitive only of GATT arrangements, the foggy outlines of a contractual link envisaging EC access to as yet undetermined fields well beyond the classic understanding of trade policy recommended it to the Commission considerably more than to the Council of

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[960] See John Best, "Trudeau Mission Puzzles Europeans," *The Times* (London), 11 March 1975, and "More Form Than Substance," *TIME* (Canada ed.), 17 March 1975.

[961] Cit. in "Selling the Third Option," *TIME* (Canada ed.), 10 March 1975.

[962] Cit. by Clive Baxter, "Canada-EC Relations: Trudeau's Visit Stirs Some Thinking," *European Community* (Washington) 182 (December 1974), p. 3. See also "EEC/Canada--No Accord in Sight for Ottawa Despite Trudeau Visit," *European Report*, 25 October 1974.

[963] See *Hansard*, 28 October 1974, p. 785.

[964] See "Qualified Success," *TIME* (Canada ed.), 24 March 1975.

[965] This problem area and its relation to the framework agreement has been laid out in more detail by Maurice Torelli, "Contribution au dossier 'Souverainete-Association'. Les relations exterieures de la Communaute Economique Europeenne," *L'Action nationale* 68:5 (January 1979), p. 386, also Kimon Valaskakis, "La CEE a-t-elle une politique coherente vis-a-vis du Canada?" *Etudes internationales* 9:1 (March 1978), passim, and Charles C. Pentland, "L'Evolution de la politique etrangere de la Communaute europeenne: Le contexte trans-atlantique," *Etudes Internationales* 9:1 (March 1978), p. 123.

[966] See here Pryce, *Politics*, pp. 141ff and 160. For the role played by administrators advancing integration through the stretching of their competencies see esp. Charles C. Pentland, *International Theory and European Integration* (New York: The Free Press, 1973), p. 260.

Ministers. It goes without saying that Mr Trudeau's idea of getting in on the ground floor of an evolving EC fanning out thanks to a renewed *relance europeenne*[967] scarcely endeared his link to London and Paris. Their apprehensions were allayed by a two-pronged policy of long standing.[968] With recourse to commercial accounting techniques, the Senate Foreign Affairs Committee appropriately dubbed this approach "double banking,"[969] largely on the strength of Professor Pentland's lucid presentation of the EC's "mixed political system" and its implications for the pursuit of Canada's special relationship.[970] The senators seemed peculiarly unable to determine whether the Commission or the Council of Ministers represented the locus of power in Community decision-making but expressed themselves satisfied "that since the interests of the individual member states are inevitably reflected in the decisions at the Community level, the substance of subjects of concern to Canada must be developed with the member states [sic] themselves."[971] Bilateral relations with the Member States were to complement closer ties with the EC *per se*. Indeed, the Secretary of State for External Affairs presented the Canada-EC Framework Agreement as reinforcing the former.[972]

Unlike either Mr Diefenbaker (disregarding, of course, remonstrances to the UK, not then a Member State) or Mr Pearson, the Trudeau cabinets showed themselves more finely attuned to the niceties of the hybrid EC political system and the role of the Member States therein. Prime Minister Trudeau determinedly laboured to harness their power to the Canada-Community cart, a stratagem of notable consistency in his governments. To name but one example, one is struck by the similar thrust of Secretary of State for External Affairs MacEachen's speech to the Windsor Italian Professional and Business Association in 1975 and his successor, Mr MacGuigan's, address to Rome's Italo-Canadian Chamber of Commerce.[973]

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[967] One obvious area being the as yet unachieved common monetary policy.

[968] For one early articulation of this approach see Mitchell Sharp, "Europe revisited. Statement in the House of Commons, December 9, 1970, by the Secretary of State for External Affairs, the Honourable Mitchell Sharp," S/S 70/23, "Europe," *Foreign Policy for Canadians*, passim, and Mr Sharp in *Hansard*, 29 April 1971, p. 5339, reporting on his trip to Germany accompanying the Governor General.

[969] Senate *Report*, p. 11.

[970] Senate *Hearings*, 30 May 1972, esp. p. 4:7.

[971] Senate *Report*, p. 11.

[972] Mr Sharp cit. in Jeremy Kinsman, "Pursuing the Realistic Goal of Closer Canada-EEC Links," *International Perspectives* (January/February 1973), p. 26.

[973] Alan J. MacEachan, "Notes of a Speech to the Italian Professional and Businessmen's Association of Windsor, 27 March 1975," and Mark MacGuigan, "Canada and Italy. Prospects for the Future. Notes For an Address by the Secretary of State for External

[973] Ottawa took great pains to negotiate several framework agreements and other accords with member States in cultural, scientific, technological as well as economic matters almost certainly with an eye to entrenching such treaties as a "normal" means of intercourse with Canada. There can be no question that the *rapprochement* with France, a cornerstone of Mr Trudeau's European policy,[974] fundamentally affected unfolding Canada–EC ties. In London, Mr Trudeau by all accounts soothed worries and managed a swap of strongly articulated approval of continued British EC membership in return for promises of support for the contractual link.[975] Resolution of the NATO *contretemps* so strenuously rallied Bonn to the Framework Agreement's cause as to deserve Mr MacEachan's public expressions of gratitude.[976]

Much use was also made of dyadic consultative mechanisms like the Canada–France *Comite economique* and their Joint Commission or the Canada–UK Continuing Committee.[977] Wherever feasible, fresh consultative channels[978] or joint task forces[979] were inaugurated and cultural interchanges intensified.[980] Visiting politicians in

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[973](cont'd)Affairs of Canada, Dr. Mark MacGuigan, to the Italo–Canadian Chamber of Commerce, Rome, May 7, 1981."

[974] For details see John G. Halstead, "Restoring Relations With France and Opening New Doors to Europe," *International Perspectives* (January/February 1975), pp. 3–5. and Alain–Marie Carron, "Le Canada compte sur l'aide de la France pour developper ses relations avec la Communaute europeenne," *Le Monde*, 13 May 1977.

[975] Patricia Clough, "Mr Trudeau Treads Warily," *The Times*, 8 March 1975.

[976] Allan J. MacEachen, "Canada and Germany––Partners in the Search For a Stable World Order. A Speech by the Secretary of State for External Affairs, the Honourable Allan J. MacEachen, at a Lunch in His Honour by Foreign Minister Hans–Dietrich Genscher of the Federal Republic of Germany, Bonn, May 24, 1976," S/S 76/17, p. 2.

[977] See also Kinsman, "Realistic Goal," esp. p. 27, CIIA *Monthly Report* 8:2 (February 1969), p. 52, and "The Franco–Canadian Joint Commission," *External Affairs* 22:11 (November 1970), p. 404.

[978] As in an exchange of letters on cultural and scientific relations with the Federal Republic of Germany, "The Value of Bilateral Consultation and Cultural Relations. An Exchange of Letters Between His Excellency Walter Scheel, Vice–Chancellor and Minister of Foreign Affairs of the Federal Republic of Germany, and the Honourable Mitchell Sharp, Secretary of State for External Affairs of Canada, September 28, 1973," S/S 73/19.

[979] As those with France on energy and industry mentioned in Halstead, "Restoring Relations With France," p. 4 and "Entente But No Trade Alliance," *TIME* (Canada ed.), 4 November 1974.

[980] A new Canadian cultural centre was opened in Paris by Mr Sharp, "Paris and Bonn Visited by Mr Sharp," *External Affairs* 22:5 (May 1970), p. 67, "Canadian Cultural Centre in Paris," *External Affairs* 23:2 (February 1971), pp. 70–3 and also the launching of a Canadian studies programme in Scotland, graced by the Secretary's presence: Alan J. MacEachen, "Canada's Studies Programme Abroad. A Speech by the Secretary of State for External Affairs, the Honourable Alan J. MacEachen, at the Inauguration of the Chair and Centre of Canadian Studies at Edinburgh University, Edinburgh, October 21, 1975," S/S 75/31.

Canada invariably found a Community dimension inserted into their fare of talks.[981] Finally, the Framework Agreement itself, in Article III/4, contained the proviso that "any action taken thereunder shall in no way affect the powers of the member States to undertake bilateral activities with Canada ... and to conclude ... new ... co-operation agreements with Canada." Whether this effectively eliminated all reservations remains questionable. EC organs, both prior and subsequent to the signature of the Framework Agreement, preferred to reverse the emphasis. Whereas bilateral contacts between Canada and the nine capitals continue to represent instruments of Canadian-European *rapprochement*, Sir Christopher Soames opined at a press conference that "once the decision is taken by the member countries to launch a dialogue with Canada, relations between the Community's institutions and Canadian Government authorities *could be superimposed on those of all kinds Canada has long maintained bilaterally with ... member countries*,"[982] granting elsewhere that a degree of parallelism was necessary because "the Community is simply not the focus of all economic activity in the Member States."[983] In its reaction to the Framework Agreement, both the European Parliament's Committee on External Economic Relations and the Political Committee insisted that Article III(4) not be construed as in any way constricting the Community.[984] While the matter is unlikely to be resolved in the near future, it can hardly have reassured concerned Member States that Canada defended Bill C-34 revoking the 1933 Canada-France trade agreement on the grounds of its redundancy after the Framework Agreement but chiefly to rid herself of an uncomfortable clause--the treaty's sole remaining operative provision--protecting *appellations d'origine*, geographic names designating a product's region of origin and derivative qualities, while precluding the labelling of Canadian wines as "Champagne."[985] Without prematurely divulging any conclusions, it seems fair to assert that the

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[981] See for instance *Hansard*, 24 September 1971, p. 8144, "Former Belgian Prime Minister Visits Canada," *External Affairs* 22:3 (March 1970), p. 87, and "Visit to Canada by Mr Maurice Schuman," *External Affairs* 23:11 (November 1971), pp. 445-6.

[982] Paraphrased in Lemelin, "Objectives," p. 33. Emphasis added.

[983] European Communities, Parliament, *Proceedings of the European Parliament*, 14 September 1976.

[984] European Communities, Parliament, *Sitzungsdokumente 1976-1977*, Dokument 287/76, "Bericht im Namen des Ausschusses fuer Aussenwirtschaftsbeziehungen ueber den derzeitigen Stand der Wirtschafts- und Handelsbeziehungen zwischen der Gemeinschaft und Kanada sowie ueber das am 6. Juli 1976 in Ottawa unterzeichnete Rahmenabkommen ueber wirtschaftliche und handelspolitische Zusammenarbeit zwischen Kanada und den Europaeischen Gemeinschaften (Dok. 213/76)," PE 44/310 (hereafter cited PE 44/310), pp. 5-6.

[985] See *International Canada* 8:12 (December 1977), p. 295 and 9:3 (March 1978), p. 61.

Framework Agreement's less than overwhelming performance and the--to this author's mind regrettable--shunting of the Nine's joint foreign political ventures onto the parallel EPC track prevented the issue of Community versus Member States competency in international commercial relations with Canada to ripen into conflict.

A motivational discrepancy separating Ottawa and Brussels nary expedited understanding. Few analysts dichotomise as rigidly as one sub-group at a CEDE colloquium whose participants read Ottawa's motivations as overwhelmingly political whereas the EC's co-operative impulse originated in primarily economic considerations.[986] Still, "[e]conomics alone," Secretary of State for External Affairs Jamieson affirmed, "does not explain the strong desire of Canadians to retain and strengthen their ties with your Community,"[987] and the shadowy notions of the economic implementors of the Third Option which the Canadians brought with them to Europe nurtured suspicions as to Canadian priorities. Bearing in mind mounting public approval of diversification on the one hand,[988] and the precedent of agreements hurriedly assembled lest Mr Trudeau return home empty-handed on the other,[989] one ranking Eurocrat brushed aside the entire Framework Agreement as little beyond foreign political covering fire by the Community for a Trudeau Government battered on the home front.[990] Though this downplays genuine Canadian economic motives, these *per se* harboured problems. Economically, the much vaunted compatibility between Canada and the Nine derives from the complementarity of their exchanges. Highly industrialized Europe perceived Canada as a market for its finished products but, more importantly, a rich and politically stable source of raw materials, in particular minerals and foodstuffs. Canadians, who are, comparatively speaking, the Europeans' hewers of wood and drawers of water much more than the US' which absorbs 82 per cent of Canada's processed exports and with whom Canada thus enjoys a much more mature trading pattern, were bent on improving the ratio of finished products sent to Europe. Hence, not only did they seek an increase in trade, but a structural shift in a commercial pattern quite acceptable to the EC. To complicate matters more, harping *fortissimo* the tune of diversification from the US was wont to quench European enthusiasm in so far as Canada's attraction to European managers consisted *inter alia* in her potential as a gateway south.[991] On the other hand, the Commission's desire to bolster the EC's international position made for a political incentive to sort out the economics. Both sides, then, approached the issue with mixed political and economic motives though with possibly diametrical emphases.

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[986] Report of Sub-Group No. 2, in Lalande, *Relations exterieures*, p. 45. The same point had earlier been made by Andre Potvin, ibid, p. 23: "Pour le Canada, les considerations politiques me paraissent plus importantes que les interets economiques."

[987] Don Jamieson, "Canada Strengthens Its Ties With the European Community, A Speech by the Secretary of State for External Affairs, Don Jamieson, at the Opening of the Second Meeting of the Canada/European Community Joint Co-operation Committee, Ottawa, March 8, 1978," S/S 78/3, p. 1.

[988] See Terence A. Keenleyside, Lawrence LeDuc, J. Alex Murray, "Public Opinion and Canada-United States Economic Relations," *Behind the Headlines* 35:4 (December 1976).

[989] This has been alleged about the Germany-Canada cultural agreement, "More Form Than Substance," *TIME* (Canada ed.), 17 March 1975.

[990] Conversation with the author, Brussels, September 1977.

On the whole, the March 1975 trip to Europe proved the more fruitful. A press conference terminating Mr Trudeau's visit the preceding October had tentatively relegated the contractual link to the realm of a possibility, albeit a year hence.[992] Then Belgian Prime Minister Tindemans evidently had been the only European leader voicing unqualified support; but even his encouragement was alloyed by warnings that other EC governments might not agree.[993] In March 1975, the Canadian prospective trade pact was cold-shouldered by the Netherland's Joop der Yul as "discriminatory"[994] but was at least politely "welcomed" in Bonn[995] while both London and Rome pledged outright support.[996] Nevertheless, statements from highest Canadian sources remained singularly imprecise, although the Prime Minister vehemently denied seeking "just another declaration of good intentions."[997] From a sweepingly idealistic if uncharacteristically rambling speech at Mansion House by Mr Trudeau, the contractual link emerged as combining the means (the link) with the obligation (the contract) so "that both the Community and Canada will keep each other informed, would engage regularly and effectively in consultations, would not consciously act to injure the other, would seek to co-operate in trading and other activities."[998] Obviously, the government was painfully aware of the continued need to further clarify the concept since the multiplying requests in the House of Commons met with glibly evasive replies from the Liberal front bench.[999]

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[991] See Kimon Valaskakis, "Reflexions preliminaires sur les perspectives d'avenir des relations entre le Canada et la CEE," in Lalande, *Relations exterieures*, pp. 64–5 and also *infra*.

[992] Roger Berthoud, "Trudeau Hope of Link With EEC Faces Year's Delay," *The Times* (London), 26 October 1974.

[993] See *Canadian News Facts*, 8:19 (4 November 1974), pp. 1283/1–1283/2.

[994] *Canadian News Facts* 9:5 (19 March 1975), p. 1357/1.

[995] "Bonn Backs Mr Trudeau on Closer EEC Ties," *The Times* (London), 4 March 1975.

[996] "Italy Backs Trudeau Move on EEC Link," *The Times* (London), 7 March 1975 and "Notes on People," *The New York Times*, 14 March 1975.

[997] Cit. in *Canadian News Facts* 9:5 (19 March 1975), p. 1356.

Success of the contractual link, therefore, still hinged on a refinement of the Canadian position, forcing Ottawa to promote "better relations with Europe" to "the major component of the objective of our present external policy"[1000] so as to counterpoise the special relationship with the United States provocatively invoked by the American Ambassador in Canada.[1001] The transfer from the flagship Washington Embassy to the EC Representation that April of one of Canada's most experienced and respected diplomatists, Marcel Cadieux,[1002] underlined the importance attached to the EC connection much as the appointment of John Hamilton Warren to Canada House in London had earlier underscored the significance of British entry into the EC to Canada.[1003] Below the surface of the highly visible shuttle diplomacy by Messrs. Trudeau, Sharp, and Pepin the pace of official activity devoted to filling what thus far was perceived largely as an empty formula accelerated. February, April, and May 1975 witnessed rounds of exploratory talks aimed at a framework agreement and resulted in a more favourable recommendation to the Council of Ministers from the Commission. The essential features hammered out projected a non-discriminatory evolutionary accord to "establish a broad Community framework for economic and commercial cooperation with Canada extending beyond the field of classical trade policy ... to promote joint ventures, exchange all relevant information, facilitate contacts between industrial policy-makers and firms."[1004] A deputation in October of Eurocrats and representatives from the forestry industry[1005] was followed by two further sectoral missions on uranium (May 1975) and non-ferrous metals (September 1975). These were hailed by Ambassador Cadieux as significant departures from traditional means into "new techniques"[1006] of "business diplomacy,"[1007] though this conveniently overlooks the admittedly less seminal trade missions under Mr Diefenbaker. Canada reciprocated with the two Guerin industrial missions of June and September of the same year.[1008] The opening in Ottawa in late 1975 of an information office by the Commission similar to those operating in Tokyo and Washington, craved by Ottawa since at least 1973 but postponed allegedly out of "financial considerations,"[1009] further facilitated contacts. The Delegation's official opening in February by Commissioner Ortoli afforded the top level-talks that Mr Trudeau presented as "a very important step" *en route* to the Framework Agreement,[1010] an essay in understatement since they brought the announcement of formal (as opposed to "exploratory") negotiations.[1011]

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[998] Trudeau, "Contractual Link," S/S 75/6, pp. 4–5.

[999] A representative example was launched by a question by the Member for South Shore, Lloyd R. Crouse: "What is meant by the term 'contractual link'?" This raised some commotion as not falling under the orders of the day and by the Speaker's judgement the addressee, the Prime Minister, "showed no interest in answering." Reiterated more complexly by way of a supplementary, Mr Sharp answered unhelpfully: "It is very important to the achievement of an objective ... which is the strengthening of Canada's relations with the European Economic Community. Canada has been proposing over a number of years ... the formation of a link with the European Economic Community which would be in the form of a contractual link, a very important means to establish a relationship under which when issues arise there would be an opportunity for the Canadian government and representative with the European Economic Community to talk about them before they become serious problems." *Hansard*, 3 March 1975, p. 3888.

[1000] Mr. Lapointe in *Hansard*, 17 June 1975, p. 6841.

[1001] "Canada Says Policy Aim is Independent Economy," *The New York Times*, 25 January 1975.

[1002] *Canadian News Facts* 9:6 (4 April 1975), p. 1366/3.

[1003] See on this Harvey, "Should the U.K. Now Feel Sorry For *Us*?" p. 12.

This was also the heady period during which developed that camaraderie among Eurocrats and their Canadian analogues which one authority tagged transgovernmental "complicity:"

> As Neustadt has noted in his book on *Alliance Politics*, bureaucracies within states may establish working arrangements with their counterparts in other states with a view to fastening common aims that may run contrary to the official governmental policies of either state. In the Canada-EC case, the range of resistant actors, or tendencies, on the European side was tackled by a close association between Canadian officials working primarily from the

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[1004] Commission document COM(75)224 as cit. in "New Style Agreement Between Canada and Community Proposed," European Communities, Commission, *Background Note* (London) ISEC/B23/75, p. 1.

[1005] For details see R.B. Gourlay, "Canada as Primary Source for Community Forestry Products," *Canada Commerce* 139:3 (March 1975), p. 40.

[1006] Marcel Cadieux, "Framework Agreement Key to Closer Relations," *International Perspectives* November/December 1976), p. 5.

[1007] Marcel Cadieux, "Canada and the European Communities," *Canada Commerce* 140:3 (March 1976), p. 2.

[1008] There had been earlier Canadian missions to Europe such as Mr Pepin's to Germany in 1971 (see his statement in *Hansard* 23 April 1971, pp. 5253-4), to say nothing of attendance at trade fairs (see Senate *Hearings*, 23 May 1972, pp. 3:9-10).

[1009] *Hansard*, 13 December 1973, p. 8697. Albeit Mr Sharp at the time did not consider it "appropriate" for Ottawa to press the matter much with the Commission, he did pass on the recommendation pronounced by the Senate Committee on External Affairs that such an office be established in Ottawa. See his reply to Question No. 2,665 by Mr Stevens, *Hansard*, 5 November 1973, p. 7506.

[1010] *Hansard*, 19 February 1976, p. 11 117.

[1011] *Canadian News Facts* 10:4 (4 March 1976), p. 1536/3.

> office of the Embassy to the Communities in Brussels, and European Community officials taking their cue chiefly from the pioneers of the contractual link philosophy in D.G.I. ... The "complicity" between Canadians and EC people in Brussels was a successful and innovative one. Community officials followed a policy of tactical manoeuvering for support among Community organs and among sympathetically predisposed individuals in member governments, including the Labour cabinet in Britain. This process led in part to active work on behalf of the link by influential figures of political stature, most notably Sir Christopher Soames as commissioner for external relations, and, probably more importantly, Ortoli as President of the Commission, whose supporting voice came from a man of solid Gaullist credentials, and whose case when presented to French and United States officials appears to have been a decisive one.[1012]

Resistant actors were not an EC monopoly, though, as the Ottawa foreign policy establishment was not monolythic in its sympathies. The Department of External Affairs embraced the contractual link much more fervently than certain sections of the Department of Industry, Trade and Commerce, irrespective of its deploying one third of all trade commissioners in the European theatre. Industry, Trade and Commerce's role as a market scout is most readily played out in the US which already absorbs over 80 per cent of Canadian finished exports. Consequently, some observers question the value and commitment to the trade aspects of diversification by that Department to the point where "measures which might actually discourage exports to the United States are normally opposed."[1013] Similarly, the Finance Department marshalled "ridicule from Washington" to support its manoeuvering to stave off closer ties outside North America.[1014] It is reasonable to assume that External Affairs fielded its common cause with the Commission against these "internal" adversaries also as part of its plan to latch on to the Third Option in general and the Framework Agreement in particular to regain ground, lost previously when it had its wings clipped by the fledgling Trudeau administratration, by heading and co-ordinating inter-departmental committees in the face of virulent opposition from Finance and Industry, Trade and Commerce.[1015]

Be that as it may, the above constellation greatly facilitated the engineering of the Framework Agreement once official negotiations commenced in March 1976. Their two rounds concluded in June, rapid progress endangered only temporarily from an unlikely quarter. Denmark, aghast at Canada's evasion of paragraph 5 of the International Energy Agency's Long Term Programme,[1016] implying as it did equal access for outsiders to Canadian resources, promptly demanded this provision to be inserted into the impending Canada-EC Framework Agreement. Needless to say, this was entirely at cross-purposes with Canadian desires to enhance exports of processed and manufactured goods, to say nothing of federal-provincial difficulties arising out of the jurisdiction over natural resources, and the matter was raised at a very high level during the visits to Canada in April of Mr Tindemans--a charter member of the group of national politicians championing the contractual link--and Commission Vice-President Scarazzia-Mugnozza in May.[1017] An ingenious diplomatic compromise broke the logjam, the result in equal parts of fancy semantic footwork and mutual good-will. With Article II/1(c) the Contracting Parties undertook to "take fully into account their respective interests and needs regarding access and further processing of resources." Moreover, the head of the Communities' team submitted a note sans legal obligation or impact upon the agreement as such expressing the "expectation that Canada will recognize the principle of non-discriminatory access," which Ottawa simply acknowledged.[1018] While this failed to satisfy the European Parliament, which regretted that non-discriminatory access was not *expressis verbis* anchored in the treaty,[1019] the compromise made life easier for Mr MacEachen in Parliament. He could fend off any intimations of a resource sell-out while speculating within the actual terms of the agreement that "in the future it might be that in specific projects questions of this nature can be discussed between Canada and the Community."[1020] Canada thus having accepted at least the "spirit of the principle,"[1021] the way was cleared for the Framework Agreement's signature in Ottawa by Sir Christopher Soames and Secretary of State for External Affairs Alan J. MacEachen on 6 July 1976. It entered into force in October after notification of completed ratification procedures had been traded in September.

[1012] Robert Boardman, "European Responses to Canada's Third Option Policy," Presentation to the European Politics Group of the Canadian Political Science Association, Ottawa, December 1978, pp. 16-7. Cit. with the author's permission. See also his similar point in "Canada and the Community," p. 403.

[1013] Munton and Swanson, "Future of Third Option," p. 197.

[1014] This was reported in "Losing to the Yanks," *Maclean's*, 13 October 1980.

[1015] Some of these themes are further developed in W.M. Dobell, "Interdepartmental Management in External Affairs," *Canadian Public Administration* 21:1 (Spring 1978), pp. 83-102, and Gilbert R. Winham, "Bureaucratic Politic and Canadian Trade Negotiations," *International Journal* 34:1 (Winter 1978-9), pp. 64-89.

[1016] For details see Robert O. Keohane, "The International Energy Agency: State Influence and Transgovernmental Politics," *International Organization* 32:4 (Autumn 1978), p. 940.
[1017] See Department of External Affairs, Communique No. 56, 4 June 1976.
[1018] Commission des Communautes Europeenne, Communication de la Commission au Conseil concernant la signature et la conclusion d'un accord cadre de cooperation commerciale et economique entre le Canada et les Communautes Europeennes (Bruxelles, le 9 Juin 1976), Com(76)291final, annexe IV as paraphrased by Pentland, "Linkage Politics," p. 227.
[1019] PE 44/310, p. 6, point 6.
[1020] *Hansard*, 10 June 1976, pp. 14362-3.
[1021] *Canadian News Facts* 10:3 (19 February 1976), p. 1527/3.

The document's content is well enough known to require but the briefest summary here.[1022] Its nine articles open by affirming MFN treatment. Canada and the Community pledge bilateral and international commercial co-operation in Article II, while the economic co-operation clause, Article III proves the longest and most detailed by far, putting a heavy emphasis on matters industrial including joint ventures and technological exchanges. The reason is not hard to discern. A state which, in seeking to emerge from satellite status to one major power, is dependent upon the assistance of a third power (and economically one may safely call the EC a superpower[1023]), encounters the very real danger of breaking out of one power's orbit only to be propelled by the prerequisite momentum into the other's and be entrapped there. This Canadians know from first hand experience, having freed themselves from one hegemonial power only at the price of even more intense interdependence with a second, more powerful neighbour. Given the accusations frequently levelled against the US, somewhat unjustly to be sure, of keeping Canada in a quasi-colonial position, a similar situation with Europe would be politically untenable. Hence the paramountcy assigned industrial collaboration as the mark of an economically advanced dyad. Article V contains a disclaimer *vis-a-vis* the GATT and bilateral relations between Canada and the Member States, but entrenches the supremacy of the Framework Agreement over the 6 October 1959 Canada-Euratom treaty in the case of conflict. A special protocol extends these terms to the ECSC (Article VI). The last three articles concern territorial application (Article VII), duration of the treaty which is indefinite subject to one year's notice after the first five years (Article VIII) as well as the authentic languages, i.e. all six official EC languages (Article IX).

Of greatest interest for the present purposes are the consultative mechanisms designed to manage and enhance co-operation and interdependence between the Contracting Parties of the Framework Agreement. Article IV brought into being the Joint Co-operation Committee (JCC) which may strike sub-committees as required. The JCC's first meeting in December 1976 faced the chief task of cranking up the novel machinery, to which end it passed a first action programme in accordance with Articles II and III. Evaluative considerations entered the picture at subsequent conferences and increasingly occupy the participants' attention. To implement its programme, the JCC instituted two sub-committees which have congealed into permanent marks of the Canada-EC institutional landscape: the Preparatory and General Co-operation Sub-committee (convened for the first time in July 1977) and the Sub-committee for Industrial Co-operation, in keeping with the accord's main emphasis (it first met in January 1977). Together the Sub-committees co-ordinate and supervise the numerous working-groups of experts and officials, formed on an *ad hoc* basis. Consonant with the priority accorded industrial questions, the bulk and most publicly visible of the work devolves upon the Industrial Sub-committee. The Preparatory Sub-committee, as the nomenclature indicates, occupies itself with the administrative aspects and the preparation of (and for) the JCC as well as the preparation of studies and reports.[1024] Its responsibilities further extend into weighty problem areas which beg strictly unilateral solutions, among them environmental protection, science and research, but also regional policy and planning.

[1022] The full text is contained *infra* in Appendix A.

[1023] A source of some pride to its officials. See Eberhard Rhein, "Das Werden einer Weltmacht?" *EG Magazin* (January 1978), pp. 8-10.

Judging by the work carried out to date, the committees have gotten into their stride admirably. Concrete and frequently sensitive points, from the CAP's import levies to discriminatory practices by Canadian provincial liquor boards, are commented upon openly and debated freely. Nor are the themes treated statically. Anyone familiar with the Framework Agreement's implementation must attest to the dynamics inherent specifically in the committee system, manifested *inter alia* in the relatively frequent introduction of new proposals for working groups. Now as before, Canada remains the more active partner, derivative both of her interests and the more extensive administrative means invested in the realization of the contractual link. The committees have promoted a remarkable degree of familiarity among responsible officials in Brussels and Ottawa. This process, while undeniably rooted in the semi-annuals, unfolded more broadly only with the greater intimacy, informality, and intensity prevalent in the working groups which are often small enough to allow shirt-sleeved meetings in the ranking official's office. First-name basis has become as much a standard feature of these interactions as have direct transatlantic telephone conversations between individual officers supplementing communications routed *via* the EC Delegation in Ottawa's Sparks Street and the Canadian Mission to the EC in the Rue de Loxum. Such then is the reality behind the "growing positive environment of personal contacts" recently praised in Toronto by Commission Vice-President Wilhelm Haferkamp.[1025] Implementation of the Framework Agreement will be scrutinized *infra* in a separate section.

[1024] Examples include the previously cited *Canada-European Community Trade Flows 1962-1977* study and the JCC meeting reports which are made available to the public upon demand.

The Framework Agreement on Economic and Commercial Co-operation, while easily the most encompassing document laying out parameters for Canada-Community relations, and apt to remain so for the foreseeable future, is nevertheless not definitive of the totality of their interactions--nor was it so intended. Leaving aside the Framework Agreement's evolutive clause, two other candidates leap to mind, both more functionally circumscribed. First, the 1959 Canada-Euratom agreement, undergoing re-negotiation at the time of writing, and second, and less obvious, the daedal fisheries issue, consistently arousing headaches on both sides of the Atlantic. Their closer discussion, however, is most logically reserved for the section treating access to raw materials. The latter will prove especially illustrative of "double banking's" continued utility.

Access to Raw Materials

Canada, approximately one-quarter of whose exports are accounted for by primary products, disposes of an enviable cornucopia of crude oil, natural gas, uranium, coal, and ranks not just as the fourth largest copper producer in the non-communist world but also the fifth overall of iron ore. Apart from nickel and such relatively rare metals as zinc and antimony, crucial non-metallic minerals, among them salt and asbestos as well as titanium dioxyde, are mined here. By contrast, notwithstanding the North Sea oil and gas strikes, the European Community's economic Achilles heel is a forced reliance upon external purveyors of natural resources to the tune of 60 per cent on the average, yet approaching 100 per cent for the more exotic. Nearly half the Nine's enormous export earnings must be earmarked to satisfy the raw-material famished manufacturing sector,[1026] a ratio still on the upswing care of the OPEC cartel. This constellation resulted in what official sources fetchingly garbed as the inherent compatibility of the Canadian and European economies:

[1025] Cit. in Mark Lukasiewicz, "Framework Agreement 'Success' By Europeans," *Globe and Mail*, 8 July 1981.

[1026] Tim Josling, "Buying Europe's Raw Materials," in Bernard Burrows, Geoffrey Denton, Geoffrey Edwards (eds.), *Federal Solutions to European Issues* (London: John Wiley and Sons, 1978), esp. Tables 7.1-7.4, pp. 168-70.

> Trade between Canada and the Community is largely complementary in character. EC exports to Canada consist largely of a wide range of manufactured goods. ... Canada's exports to the Community consist at present principally (nearly two thirds) of crude and semi-manufactured materials (including minerals, timber and wood pulp) and foodstuffs. ... Finished products account for a modest proportion (10 %) of Canadian exports to the EC.[1027]

Europe's parliamentarians averred in a politic non-sequitur how "the two partners economically complement each other efficiently: Canada as producer of raw materials and energy products, the Community as market for Canadian exports and supplier of industrial products."[1028] These commodities flows, so embarrassingly reminiscent of an underdeveloped nation,[1029] however, were what Ottawa intended to correct, the more so since the transformation of Canada's global export patterns had undergone a marked shift towards end products from under 12 per cent to nearly 40.[1030] To consolidate and even step up this trend, the Canadian government's policy, *inter alia* through agencies like the Foreign Investment Review Agency (FIRA), encouraged upgrading and processing of raw materials to the greatest possible extent in Canada,[1031] guided by the primacy of domestic requirements and "benefit to Canada" as the uppermost criterion.

In principle, that course was recognized as legitimate in Brussels. A Commission document sought to bring the positions of producers and consumers of natural resources into line by recommending "gradually to extend participation by public or private interests of raw materials producing countries into the down-stream manufacturing activities performed in Europe. Such a process should also be covered by framework agreements between the authorities in the producing countries and in Europe."[1032] A European inclination to host more purveyor-country investments alone, though, might not render the relationship more palatable to the latter who would continue to miss out on the benefits of more labour-intensive refining procedures: "Europe must be willing gradually to give up the exercise of industrial activities which can often be performed better elsewhere. Reason should therefore lead Europe to accept the processing of raw materials in their countries of origin where such an operation is economically justified."[1033] In the best of all interdependent worlds, this was truly a noble goal. Advocates of this approach suffered a grievous setback from the 1973 energy-crisis and the nightmare of scarcity persistent in its aftermath. The Nine unceremoniously scampered individually to secure supplies, nigh literally abandoning the staunchly pro-Israel Netherlands to the ire of the oil sheiks and the cold.

[1027] European Communities, Commission, "Towards a New Partnership: The European Community-Canada Framework Agreement," *Information* 134/76, pp. 3-4.

[1028] PE 44/310, p. 20. Translation this author's.

[1029] That in fact was how one Eurocrat put it to Professor Mahant: "Your trade structure is that of an underdeveloped country." Cit. in her "Canada and the European Community," p. 17.

[1030] In 1960, crude materials made up 33.7 per cent of exports, fabricated materials 54.7, end products a paltry 11.7 per cent. By 1969, the respective percentages were 23.0, 37.0, and 39.9. Jean-Luc Pepin, "Canada's Trade in a Changing World. A Speech by the Honourable Jean-Luc Pepin, Minister of Industry, Trade and Commerce, to the Brantford Regional Board of Trade, Brantford, Ontario, April 16, 1970," S/S 70/7, p. 3.

[1031] See for instance Mr Trudeau in *Hansard*, 28 October 1974, pp. 792-3.

[1032] Cit. by Uwe Kitzinger in Lalande, *Relations exterieures*, pp. 35-6.

In a roundabout but unwelcome fashion, the new mood enhanced Canada's importance to Europe. The painful oil-pinch that heightened political militancy in tandem with economic irresponsibility displayed in the Third World alerted Europeans to those countries' dubious long range reliability as partners. Agreements like Lome or Commissioner Cheysson's brainchild, the STABEX system of guaranteeing ACP primary producers' export earnings, no longer seemed to offer credible insurance against such adventurism. Logically, the Europeans turned to the industrialized world whence (in value terms) originated the bulk of its raw materials barring fuel.[1034] Albeit tacitly, the EC thereby devised what one commentator cutely labelled its "second option" *vis-a-vis* Canada:

> The potential (however far-off) implicit in one of the developed world's major producers of raw materials getting together with the world's major importer of commodities will not be lost on the developing countries. For the European Community, although this will never be said in so many words, the Canadian link serves as a gentle reminder to the group of 77 that raw material supply is not a developing country monopoly. For the EEC nine, a contractual relationship with Canada represents *something of a second option*, if the first one should prove too costly or inaccessible.[1035]

On the disagreeable flipside those developments set back Canadian attempts at establishing her image as a diversified, advanced economy. The opinions expressed by influential executives, among them the senior economic advisor to Italy's Banca Nazionale del Lavoro, relegating Canada to an "important supplier of raw materials such as wheat, iron ore, phosphates, fertilizers, etc."[1036] was, in the experience of Canada's Ambassador to the Community, a far from isolated case: "I sense a growing sentiment to look at Canada as a secure supply of the materials Europe must have if it is to survive and develop itself as one of the major industrial areas of the world."[1037] Commission officials themselves moved from patient allowance for producer nations' sensibilities to the more pragmatic views ejaculated in clipped sentences by an EC Administrator at a CEDE panel discussion: "We know that Canada does not want to export only its primary materials. We recognize this. But these resources exist. They must be exploited."[1038] If indeed Commission and Member States had ever differed in kind rather than degree on the raw materials question, this brought both closer together again. On the occasion of Mr Trudeau's November 1974 journey to Paris, French Premier Jacques Chirac made the point without pulling any punches by stating France's and Europe's interest in "the systematic exploitation of Canada's vast energy resources,"[1039] and not energy resources alone. Illustrated by Denmark's abortive bid to make the Framework Agreement conditional upon non-discriminatory access to Canada's natural riches and the European Parliament's branding the contractual link as deficient for not sporting such a clause,[1040] this attitude prevailed, to prompt Bothwell's colourfully phrased suspicion that the contractual link "may open a small door in the common market wall. It is still unclear whether that door will be to the servants' quarters or to the guest room."[1041]

[1033] Ibid, p. 36.
[1034] See Josling, "Buying Europe's Raw Materials," p. 204.
[1035] Marion Bywater, "The EEC/Canadian Cooperation Agreement--Option No. 2 for the EEC, Option No. 3 for Canada," *European Report* 359, 2 October 1976, p. 1.

Linkages of raw materials to other commercial and economic questions in Canada-EC relations were nothing novel, and the Nine would be unfairly cast as the villains of the piece. On the contrary, Canadian spokesmen from the outset insinuated a tie-in between their European policy and the Nine's raw materials, more precisely energy, requirements. Thus, Mr Sharp, testifying before the Senate Committee on External Affairs, listed a number of areas in which co-operation was anticipated, focusing on investment and industrial policy with special attention to secondary industry and research and development, but prominently including energy.[1042] While collaboration could extend to conservation and technological advances, it must needs touch upon access. An identical message was delivered by the Prime Minister in London where Canadian officials reportedly "tried to sell the idea of Europe looking to Canada for more of its energy and resource needs."[1043] As progress towards the contractual link stumbled sluggishly along, Ottawa injected access to primary materials as a positive incentive contingent upon a more obliging EC stance on the Framework Agreement. In the course of his Brussels press conference of "banal" fame, the Prime Minister explained in no uncertain terms: "We are telling the Europeans bilaterally and as a Community: You may think you are going to be able to take all our raw materials out, but you aren't. ... We are defining our policies and if you want to get in there, you'd better embark on this process of negotiations."[1044] Exasperated Canadian officials still feel it incumbent to make that point. Remarking upon European wishes for a "steady flow of Canadian raw materials," one senior official said: "[t]hey realize there is a price to be paid for that," consisting of improved access for Canadian manufactured and agricultural products.[1045] Thus, Copenhagen's demands in 1976 merely turned the tables presumably, after the Europeans' preferred solution had run afoul of Canada.

[1036] "Italy's Honeymoon With the EEC Is Over," *Canadian Business* 47:6 (June 1974), p. 18.
[1037] Cit. in "No Breakup, Just Rethinking," *Canadian Business* 47:6 (June 1974), p. 14.
[1038] Mr William Tully cit. in Lalande, *Relations exterieures*, pp. 36-7. Translation this author's.
[1039] Cit. in "Entente, But No Trade Alliance," *TIME* (Canada ed.), 4 November 1974.
[1040] EP 310/44, p. 6.
[1041] Bothwell, "Canadian Connection," p. 36.

In the wake of OPEC's oil price hike, the Nine together with other main consumer nations, especially the US, discovered export barriers as an impediment to trade every bit as heinous as their import mates. Although access to resources *per se* was not featured on the Tokyo Round agenda, the EC and US closed ranks against the reluctant suppliers group to saddle the Geneva MTN talks with this delicate issue.[1046] Interestingly enough, Canada did not originally object. Finance Minister John Turner concurred in the Commons: "[i]t is as important as ever that the quest continue for freer trading rules in the world. It may be that the forthcoming GATT negotiations should be extended to embrace problems of access to supplies of goods and materials as well as freer access to markets."[1047] A global settlement, entailing as it must complicated procedures to resolve and adjudicate disputes, reciprocal concessions, elimination of quantitative restrictions and so forth, presupposed a harrowing succession of multilateral parleys in which the good faith of certain producer countries could not be assumed *a priori*. Hence, the First World huddled in the International Energy Agency. Point 5 of its long-range programme, its guarded phrasing a far cry from definitive, at least tackled *in limine* assured equal access. Without prejudice to national control, signatories declared it "desirable" and pledged to do their utmost not to discriminate against nationals of other IEA members through regulatory or legislative measures.[1048] When Ottawa, leery of being typecast as the industrialized world's energy milchcow, bowed out from Point 5 through the expedient of provincial jurisdictions not to be infringed upon by international treaty, the stage was set for a scrimmage. Canada and the Community duly clashed over uranium.

[1042] *Senate Hearings*, 21 March 1972, p. 2:6.
[1043] "Some Tea and Assurances," *TIME* (Canada ed.), 18 December 1972.
[1044] Cit. by Baxter, "Canada-EC Relations," p. 6.
[1045] Cit. by David Fouquet, "Trade Pact With Europe a Flop, But Hope Lives On," *Financial Post*, 28 July 1979.
[1046] See Cohen, *European Community and the General Agreement*, pp. 21-2.

Canada's officialdom entered the 1970s with exuberant confidence in Canada's atomic future. Boundlessly optimistic, Mitchell Sharp lauded nuclear energy as the panacea thanks to which "[f]ears of a world energy crisis have been postponed, perhaps for centuries." His added forecast that "we can now expect to see a continuing shift away from new fossil-fuel toward new nuclear stations," rooted in the premise of enhanced competitiveness of nuclear energy, shortly proved prophetic, albeit for the wrong reasons.[1049] Indeed, accelerating demand for uranium, expected to grow four- to sixfold this decade, as well as the ongoing ratification procedures for the Nonproliferation Treaty (NPT), compelled the Governmment to enunciate a revised uranium export policy on 19 June 1969.[1050] As elaborated by Minister Without Portfolio Lang, the new policy expanded on Mr Pearson's 3 June 1965 statement by further tightening requirements concerning guaranteed fuel reserves for Canadian reactors before exports (at world prices) would be licensed "for peaceful purposes to customers in countries with which Canada has completed a safeguards agreement or following the coming into effect of the non-proliferation treaty with customers in countries which have concluded the necessary safeguards agreement with the International Atomic Energy Agency." This, however, spelt double trouble: France individually, true to form, refused to accede to NPT, while Euratom collectively locked horns with the IAEA over the adequacy of safeguards, control, as well as inspection. Logically, the Commission counselled Member States against ratification (so as not to undermine its bargaining position, though not always successfully).

[1047] *Hansard*, 3 January 1974, p. 9015.

[1048] Rendered as Appendix IX to PE 44/310, p. 30.

[1049] Mitchell Sharp, "Nuclear Energy and World Peace. Speech by the Secretary of State for External Affairs to the Fourth International Conference on the Peaceful Uses of Atomic Energy, in Geneva September 6, 1971," *External Affairs* 23:9 (September 1971), pp. 365-6.

[1050] *Hansard*, 19 June 1969, pp. 10397-8. The fear that exports might denude Canadian reactor supplies remained alive, see Mr. Gillies' intervention, *Hansard*, 25 November 1975, p. 9412.

French NPT abstention in itself constituted no insurmountable hurdle. Asked by J. Gillies to "assure the House that Canada will not under any circumstances export any uranium or nuclear related products to any country that is not a signatory to that agreement," Acting Prime Minister Sharp was unable to "give that undertaking," but proceeded to rule out transactions with countries refusing "the safeguards we consider necessary."[1051] The matter carried considerable nuisance value, though, in so far as it furnished ample ammunition for the rhetoric of safeguards visionaries in the House.

Euratom's quarrel with the IAEA was of rather more serious ilk, transcending the ostensibly technical niceties of control and inspection. These could have been ironed out readily enough. For the Director General of the IAEA, highly suspicious of the "spacially limited credibility" attached to regional safeguards arrangements, the measure of multilateral control tenuously put into place thus far stood to be subverted again. Other states, first and foremost Japan, and other regional groupings had already staked claims to equal status with Euratom. Thereby any Euratom-IAEA agreement assumed "precedent-setting" proportions well beyond questions as to the comparative competence of IAEA and Euratom inspectors.[1052] Indeed, one expert deplores how a "study of the evolution of the IAEA safeguards system reveals a depressing timetable."[1053] By contrast, most objective observers issue Euratom's safeguards a pretty clean bill of health, not to mention its twenty years' experience. The titilating if mildly embarrassing "Scheersberg A" episode, in which a sophisticated Mossad heist in 1968 relieved

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[1051] *Hansard*, 7 May 1975, pp. 5552-3.

[1052] This is treated in greater detail by Lawrence Scheinman, "Euratom and the IAEA," in Bennett Boskey and Mason Willrich (eds.) *Nuclear Proliferation and Prospects for Control* (New York: Dunellen Publishing Co, 1970), pp. 75-6.

[1053] Allan McKnight, "International Regulation of Science and Technology," *International Journal* 25:4 (Autumn 1970), p. 753. The intricacies of IAEA safeguards are described in Albert Legault, "Arrangements and Techniques to Safeguard Nuclear Material," *International Perspectives* 7 (September/October 1978), pp. 24-7.

Euratom of 200 tonnes of yellowcake[1054] did not detract therefrom. Nor was it, as far as can be determined, ever exploited by the Canadian government as evidence of Euratom inspections' unacceptability: it only tangentially entered deliberations via a parliamentary question concerning security measures surrounding Canadian uranium.[1055] Ottawa, desirous of maximizing safeguards requirements but minimizing the likely losses for Canada's industry, was indubitably most concerned with third parties, among them important customers such as Japan, who might follow suit should Euratom manage to escape from under the wire of IAEA inspection.

By April 1973 a favourable resolution seemed at hand. Euratom arrived at a compromise with the IAEA by "harmonizing their activities so that the duties and responsibilities of each can be properly carried out."[1056] Pursuant to the terms of the agreement, the regular transmission of nuclear inventories by Euratom members began in early 1977. In a neat diplomatic face-saving device, inspections by the IAEA are synchronized with Euratom's, and the two agencies currently compare notes and pool experience gathered individually and jointly to streamline verification procedures. *En passant* it is of interest that only seven EC Member States were originally subject to the April 1973 agreement. The UK, its nuclear arsenal notwithstanding, volunteered into an inspection arrangement with Euratom and IAEA in late 1976. France, the perennial odd country out, still fell under Euratom safeguards but would commit itself only to exploratory talks toward some inspection arrangement involving the IAEA. Paris' objections centered not on the rejection of safeguards proper, but in analogy to the question regarding the number of the Pope's battalions, Andre Petit of the CEA cautioned his audience at the American Society for International Law against the "basic mistake," namely "to confuse the objectives of international safeguards with those of national safeguards. This tends to occur because the same word is used for both."[1057] The latter M Petit construes primarily as prevention of "unauthorized removal by individuals or ...

[1054] A tantalizingly persuasive explanation of how this might have been done is proffered in Ken Follett's fast paced and tightly developed thriller *Triple* (New York: Arbor House, 1979). For details in so far as they are known see "... was mit der 'Scheersberg A' geschah," *Die Zeit* (Canada ed.), 20 May 1977.

[1055] *Hansard*, 2 May 1977, p. 5166.

[1056] "The EC's Nuclear Safeguards System," *European Community*, News Release NR(77)36, p. 4.

[1057] Andre Petit, "Remarks," *Proceedings of the 73rd Annual Meeting of the American Society of International Law, Washington D.C., April 26-28, 1979* (Washington D.C.: American Society of International Law, 1979), p. 180.

groups, particularly for terrorist use." For this international authorities plainly lack the necessary muscle; they therefore ought to concentrate on the forestalling of nuclear proliferation by governments.

Accordingly, Ottawa was only moderately impressed by the fact that, as one EC note proclaims proudly, due to "the double checks of Euratom and the IAEA the Community is the most highly safeguarded region in the world."[1058] Unluckily for the Europeans, the Euratom-IAEA arrangement never got a chance to establish and prove itself as the new basis for nuclear relations with Canada. Ottawa's "nuclear misadventure with India," to borrow the sarcastic phrase of an editorialist, intervened.[1059] Then Energy, Mines and Resources Minister Macdonald, soberly retorting to a parliamentary challenge, "must correct the hon. gentleman when he says the safeguards have been ineffective.... The subsequent Canadian nuclear reactor and technology supplied for power purposes are covered by safeguards.... In this sense one cannot blame the current system of safeguards for the action India may have taken, a research reactor not covered by the safeguards system."[1060] Even though Canada's part was mainly that of an unwitting accessory by having supplied, in a period of slacker controls, the technology in the guise of the Trombay Canada-India Reactor, it sparked a furious debate over Canadian coresponsibility.[1061] After initial defeatism leading even to the mention of a total moratorium on nuclear sales,[1062] Canadian consternation led to yet another review of nuclear export practices.

From now on, Canada acquired the distinction of demanding the strictest export stipulations: not only must all transactions be for non-military purposes, but fissile material or technology of Canadian origin were prohibited from use in nuclear explosives, peaceful or not. Ottawa's safeguards exceeded the IAEA's on several counts:

[1058] "The EC's Nuclear Safeguards System," *European Community*, News Release NR(36)77, p. 4. Euratom and its Member States individually belong to the "Convention on the Physical Protection of Nuclear Materials." The Euratom-IAEA has also caused a proliferation of Euratom inspectors (65 in 1977, almost 100 in 1980). See "Community Energy Policy: Prospects and Achievements," *European Community*, News Release NR(80)18, 6 August 1980, p. 5.

[1059] Sheldon E. Gordon, "Nuclear Safeguards--But How 'Safe' Will They Be?" *Financial Post*, 9 August 1975.

[1060] *Hansard*, 10 October 1974, p. 292.

[1061] For a flavour see Albert Legault, "Nuclear Policy Should Be More Open and Less Ambiguous," *International Perspectives* 5 (January/February 1976), pp. 8-9.

[1062] "Unsafeguards," *TIME* (Canada ed.), 30 December 1974.

> Canada wants the disposition of its nuclear technology to be monitored--a safeguard the agency does not normally administer. It involves the difficult task of checking whether a CANDU buyer uses the design to build a duplicate nuclear installation for subsequent use in a nuclear test.
>
> The Canadian safeguards also surpass the agency's by monitoring what happens to nuclear exports that are re-exported. ...
>
> Canadian safeguards also deal with the reprocessing of fuel, which the IAEA's version does not. Canadian supplied uranium would therefore be monitored so that even once it was burned in a reactor and recycled, the next generation's could not be used to provide plutonium for a nuclear test.
>
> Because these safeguards are unusually rigorous by international standards, future reactor buyers may think twice before signing up for CANDU.[1063]

By the same token, Canadian uranium exporters, whose "general strategy" duplicated the pronounced intent of the Third Option (to diversify and "place equal reliance on U.S., Japanese, and European ... markets fo Canadian uranium"[1064]), were soon to find themselves victimized.

The tough new guidelines, morally satisfying though they must have felt to Ottawa scorned, were beridden by a number of drawbacks. The most universal was trenchantly put to *TIME*'s Buenos Aires correspondent by a scientist who, as an Argentinian, is perhaps best qualified to comment on Canada's unnerving hopscotching on nuclear safeguards: "The question of atomic weapons is not one of technical ability but of political will.... There is no way to stop a country from making nuclear devices; those who insist on safeguards do so either out of naivete or for some other reasons, such as commercial interest."[1065] Partly because statements by ministers mirrored such feelings,[1066] the new policy soon came in for much cynicism even among sympathetic observers as the product of a moralistic backlash doomed to be diluted by harsh international reality.[1067] Carruthers of the *Globe and Mail* interpreted the moral chest-thumping as a lever to wedge a healthier return out of existing supply agreements rather that as a philanthropic preoccupation with nuclear proliferation.[1068] Europeans, in turn, resented the uncertainty of dealing with a fickle partner. In the quaint turn of phrase coined by the Secretary

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[1063] Sheldon E. Gordon, "Nuclear Safeguards Coming--But How 'Safe' Will They Be?" *Financial Post*, 9 August 1975. About the only item not in the Canadian catalogue is a one-time Australian brainchild of *leasing* fuel rods to users.

[1064] Hugh C. McIntyre, *Uranium, Nuclear Power and Canada-U.S. Energy Relations* (Montreal: Canadian-American Committee, 1978), p. 51.

[1065] Cit. in "The CANDU Dilemma," *TIME* (Canada ed.) 14 July 1975.

[1066] Mr Sharp was cited in the same article as saying: "It is always possible ... for any country, regardless of what untertakings it has made, to denounce those ... and withdraw from a treaty." Ibid.

[1067] See for instance Legault, "Nuclear Policy," pp. 8-13, and Jeff Carruthers, "Is Canada Being Naive on Nuclear Safeguards?" *Science Forum* 9:3 (April 1976), p. 15.

[1068] "Uranium Embargo Considered Lever to Renegotiate Pacts," *Globe and Mail*, 18 October 1977.

General of the Deutsches Atomforum e.V., "*pacta sunt servanda* is ... a more important principle than *novarum rerum cupiditas*."[1069]

N.M. Ediger, Chief Executive Officer of Eldorado Mining, circumscribed the hypocrisy of sovereignty-conscious Ottawa's safeguards policy:

> The uranium producers are also faced with the consequence of consumer countries' reactions to our government policy on safeguards, or more precisely the regulation by Canada and other exporting nations of the end use of our uranium and nuclear technology in the importing countries. It is interesting to speculate on what the reaction of Canadians would be if, for instance, Nigeria insisted on controlling the end use of its crude oil by Canada.[1070]

For a less hypothetical example he might have pointed to the short-lived imbroglio spearheaded by Miss Bardot in the Winter of 1977-78 (though recently rescucitated during the actress' visit to Newfoundland) over the French drive to ban imports of baby seal skins which amounted to telling Canada how to protect its wildlife. It ruffled enough feathers to warrant special mention in the 1977 foreign policy debate.[1071]

Despite rueful prime ministerial second thoughts that "we have endangered some of our commercial interests by insisting on these high safeguards,"[1072] Ottawa cheerfully plunged relations with Euratom into limbo by insisting on "full scope safeguards." These, of course, entail full end use control by the exporting country of fuels, enrichment, and technology inclusive of manufacture under license. Full scope safeguards were acceptable and gladly embraced in Washington by a president whose starry eyed idealism was matched only by his perilous foreign political inexperience. President Carter was haunted by nightmares of US energy shortages which had already prompted his more pragmatic predecessor to halt supplies of enriched uranium to Europe (of which the U.S. had so far been the monopoly supplier). Like Switzerland and Japan, however, Euratom balked when Canada and the US insisted upon renegotiation of their respective agreements. Both wanted addenda requiring their prior consent to any enrichment, transfer or reprocessing of materials originating with them, while Canada demanded in addition contol rights in Europe for her own inspectors. In a bristling lecture on proper international nuclear manners Thomas Roser forcefully put Euratom's case:

[1069] Thomas Roser, "Nuclear Energy and International Relations: The Case for the Federal Republic of Germany," *Procceedings of the 73rd Annual Meeting*, p. 173.

[1070] Nicholas M. Ediger, "Markets for Canadian Uranium," in Canadian Energy Research Institute, *Markets for Canadian Uranium. Proceedings of a Seminar Held on October 25, 1979, Calgary, Alberta* (Calgary: Canadian Energy Research Institute, 1980), p. 87.

[1071] *Hansard*, 19 December 1977, p. 1999.

[1072] *Hansard*, 30 March 1977, p. 4468.

> First, a reasonable energy policy requires a long term planning and reasonably predictable behavior. To allow third parties to influence the course of events through unilateral and unpredictable decisions without known criteria would be taking too much of a gamble. Neither utilities nor governments can reasonably build an energy policy on such a basis. If in future uranium can only be obtained under conditions which put the purchaser at the mercy of the purveyor, this will end nuclear power's viability as an alternative to fossil fuels. Under such circumstances Europe would be forced to seek other energy sources.
>
> In addition to this problem there remains the European argument. When European countries agreed to create the Community, their main concern was to reduce all barriers hindering the free circulation of goods, services and people in Europe as much as possible. They want a Common Market. To submit movement of nuclear materials within Europe to limitations would be an attempt to split up this market. The Community cannot tolerate this if it wishes to continue the development of the European Community.[1073]

The Europeans were not prepared to accept a Canadian "veto over the uses of Canadian uranium within any of the countries of the European Common Market."[1074] They understandably feared that this would impede their pushing ahead in a number of directions, precisely those most suspect to Ottawa: experimenting with fusion reactors, the "plutonium economy," and reprocessing had turned into major European priorities. It is thus probably not too far off the mark to regard Roser's heartwarming integrationist argument as at least to a certain extent a smokescreen for these technical issues. Mr Jamieson said as much in the House when he noted that "NPT and full scope safeguards are a sine qua non. I would call to the hon. member's attention ... that this is not the nature of the problem as it relates to the European Community."[1075]

In any event, Canada and Euratom failed to arrive at a new safeguards arrangement even though Ottawa granted an extra twelve months to the "grace period" of one year stipulated in 1974. Plaintive Euratom representations emphasizing the "damage to investors, firms, and reactors"[1076] fell on deaf ears when Ottawa embargoed Euratom as of 1 January 1977. This draconian measure, coming only shortly after Canada had forged its coveted commercial "contractual link" with the EEC, bemused the Commission. One Eurocrat wondered to the author why Canada would want to "place such a heavy mortage" on it.[1077] As "bickering"[1078] with Euratom over safeguards dragged on, old sensibilities were revived and the going was rough. By March 1977 talks had already broken down thrice;[1079] throughout that year news of Canada-EC relations suffering abounded. Mitchell Sharp spoke of "great damage", though he failed to demonstrate it concretely.[1080] Grumbling from Brussels was interpreted by Flora MacDonald as an "implied threat" which the government claimed to "much regret."[1081] To confuse matters further, the oil Industry Trade and Commerce Minister Horner poured on the waves at the Commission headquarters fuelled opposition fears in Canada that Ottawa was retrenching on her demands.[1082]

[1073] Roser, "Nuclear Energy," pp. 169-170.

[1074] *Hansard*, 13 July 1977, p. 7622. Miss MacDonald later expands the veto to include transshipments, ibid.

[1075] *Hansard*, 25 November 1977, P. 1252.

[1076] "EC Urges Canada to Lift Uranium Ban," *European Community*, News Release NR(77)19, 14 June 1977. Note that the US had meanwhile agreed to provide some highly enriched uranium.

Two avenues out of the *cul de sac* eventually offered themselves. The London summit of May 1977 kicked off the International Nuclear Fuel Cycle Evaluation (INFCE). Euratom now assumed the position that since INFCE's brief was to scrutinize exactly those facets of nuclear energy which Europe indulged in and Canada felt most leery about, this multinational and thus objective study could be laid at the foundation of a more permanent and mutually agreeable structure for cooperation. Brussels began pressing for an interim arrangement to bridge the period pending the INFCE results.[1083] The second part of the solution resided in several bilateral agreements between Canada and key EC Member States, the Federal Republic, Italy, and the U.K. This was not the breaking of ranks by individual Member States, the ignominious reaction to the 1973 oil crisis. Rather, according to a well-informed *Financial Post* report, Ottawa's claim to control over Canadian materials in the entire fuel cycle raised doubts about Euratom's competency.[1084] As these dyadic agreements supplied what has been labelled the

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[1077] Conversation, Brussels, November 1977.
[1078] Miss MacDonald used the term, *Hansard*, 5 April 1977, p. 4621.
[1079] "Echec des negotiations CEE-Canada sur l'uranium," *Le Devoir*, 25 March 1977.
[1080] *Hansard*, 29 November 1977, p. 1355.
[1081] *Hansard*, 29 March 1977, p. 4421.
[1082] See D. Roche's exchange with Jamieson, who claimed that Horner was merely pointing out and circumscribing a "very serious problem" concerning the difficulty "to get international agreement on the whole question of nuclear controls" without implying a changed policy. *Hansard*, 25 November 1977, p. 1251.
[1083] By the summer of 1980, the INFCE report with its various safeguards recommendations had been completed and at the time of writing was being studied in the Canadian cabinet. See *Hansard*, 3 July 1980, p. 2562 and 18 July 1980, p. 3081. To some extent INFCE's results belaboured the obvious by concluding that safeguards are really a political rather than technical/scientific problem.
[1084] "Echec des negotiations CEE-Canada sur l'uranium," *Le Devoir*, 25 March 1977.

"formula"[1085] after which the interim settlement with Euratom was patterned, a brief digression is warranted here.

Italy was perhaps the most straightforward case since cooperation with Canada has been of long standing. Joint efforts in third countries (mainly Argentina) such as AEC's partnership with Italimpianti disappointingly ended in a messy pay-off scandal requiring for its resolution the personal intervention of Italy's Prime Minister.[1086] Collaborative ventures to build CANDU reactors on the peninsula proved more satisfactory, leading to the grant to P.M. Nucleari of the first foreign license to "design, make, use, and sell CANDU reactors in Italy and in five years' time to other countries provided they comply with the Canadian safeguards policy."[1087] Minister Gillespie was uncertain whether control would be guaranteed on a multilateral (Canada-Euratom) basis or bilaterally between Ottawa and Rome. When Italy undertook Canadian safeguards requirements, Prime Minister Trudeau dangled the carrot of a similar arrangement before visiting Energy Commissioner Guido Brunner (whom he inadvertently demoted to "director of Euratom"[1088]).

The German deal, reputedly resultant to a large extent from the close personal amity shared by Messrs Schmidt and Trudeau, pathbreaking with regard to Euratom, was highly controversial in Canada. The Conservative Opposition chided, as vocally as President Carter, Germany's aggressively successful international atomic marketing campaign.[1089] Not only did the possibility of transshipments from Germany to the Soviet Union (with whom Chancellor Schmidt's government in its often peculiar attempts at diversifying away from Germany's allies had entered an enrichment contract) horrify Miss

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[1085] John J. Noble, "Canada's Continuing Search for Acceptable Nuclear Safeguards," *International Perspectives* 7 (July/August 1978), p. 46.

[1086] See *Hansard*, 16 November 1977, pp. 925-6, and Robert Hutchinson, "Italian Payments Traced to Bank," *Financial Post*, 5 March 1977.

[1087] *Hansard*, 2 December 1976, p. 1590. The project had already been mentioned in *Hansard*, 11 December 1973, p. 8655.

[1088] *Hansard*, 18 November 1977, pp. 1020-1.

[1089] An advance dose of sour grapes perhaps in view of the fact that Miss MacDonald, in her capacity as Canada's Secretary of State for External Affairs in the short-lived Clark government, ended up as the "fall person" when CANDU lost out to the Germans in Argentina; Mr Clark was manoeuvered into a similarly undesirable part in the case of Japan. Both times excessive safeguards riders combined with wavering over contract terms and poor diplomacy to pull the rug from under Canadian sales bids, see Troyer, *200 Days*, ch. 6, esp. pp. 109-16.

MacDonald.[1090] The question also arose as to whether Canada could safely treat with Bonn which was incurring the ire of the White House for its nuclear transactions with Brazil.[1091] The Government's assumption that this could be done without prejudice to Canada's safeguards concerns, imaginative MPs tagged "Alastair in wonderland." To this pun on his Christian name Minister Gillespie retorted that precisely "because we have not been satisfied with the ... kind of undertakings we would be able to obtain in negotiation with the EEC and Euratom that we have had to consider ... bilateral arrangements which would be binding and tougher."[1092] Critics were also anxious lest obedience to Article 34 of the EEC Treaty and its Euratom counterpart, Article 54, might nullify bilateral undertakings amounting to violations of the common nuclear market.[1093] They could hardly derive much reassurance from government utterances that allowance had to be made in the interest of the western alliance, even if reprocessing of Canadian uranium was unlikely until the middle of the following decade.[1094]

When the dust settled a bit, it revealed a compromise anchored in the deferment of permanent solutions through INFCE. Not only was the Federal Republic assured of Canadian uranium for her current wants in return for consultation preceding reprocessing, but on a similar undertaking by Euratom "deliveries of sufficient amounts of Canadian uranium to meet current Community needs ... could be resumed if all other issues still outstanding in the negotiations were resolved,"[1095] a polite allusion to France. Despite lingering reservations in EC capitals toward a mere interim settlement,[1096] teams headed by Mr Gillespie and Mr Brunner started serious work on this premise in November 1977. The resultant exchange of letters signed in Brussels on 16 January 1978 was introduced with official modesty as "an updating of the existing agreement ... for cooperation in the peaceful uses of atomic energy which was signed on 6 October

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[1090] *Hansard*, 5 April 1977, p. 4640.

[1091] In Miss MacDonald's polite understatement "a military dictatorship which is known not to be entirely responsible in the area of human rights." *Hansard*, 13 July 1977, p. 7623.

[1092] *Hansard*, 4 April 1977, p. 4590.

[1093] For examples, see *Hansard*, 30 March 1977, p. 4467, 5 April 1977, p. 4660, and 30 November 1977, p. 1410.

[1094] *Hansard*, 13 July 1977, p. 7624.

[1095] Noble, "Canada's Continuing Search," p. 45.

[1096] See Jeff Carruthers, "Nuclear Safeguards Facing Major Hurdle," *Globe and Mail*, 20 December 1977.

1959."[1097] It predictably amended the original Treaty by forbidding not only military applications of atomic materials falling under its purview but all nuclear explosive devices. In Canada, verification is devolved onto the IAEA, which attends to it in the Community together with Euratom, covering all equipment, facilities, and materials inclusive of future generations. On this paramount point Euratom had thus stoutly held its own. Euratom's greatest concession bears citing in full:

> 6. The Community recognized that Canada requires specific assurances prior to the transfer of Canadian nuclear technology. The Community and Canada have agreed that transfers of sensitive nuclear technology, including Candu technology, would be covered by agreements to be concluded between individual member states of the Community and the Government of Canada. ...
> 8. Assurances are provided that no Canadian material will be used in French reactors until safeguards administered by Euratom and verified by the IAEA are in place. Assurances are also provided that any plutonium derived from Canadian source material would be used only in the French civil nuclear programme.[1098]

The remainder of the communique lists the interim settlement up to one year after INFCE (renewable). Euratom will inform/consult Canada on "enriching, reprocessing or storing of any material transferred after 20 December 1974."[1099] Shipments of Canadian uranium to the EC were resumed. First consultations took place in 1979.[1100] Upon the conclusion of INFCE, which to Euratom "confirmed the technical soundness of the Community's policies,"[1101]the interim agreement was extended by twelve months late in 1980. The hearteningly speedy and smooth negotiations left officials in Brussels as well as Ottawa confident of a permanent settlement within easy reach.[1102]

Paragraphs 6 and 8 of the interim agreement effectively embedded the veto previously spurned by the *esprit communautaire*, though arguably somewhat watered down. To be sure, Canada's arrangement with the Nuclear Suppliers' Group, which Ottawa had hoped to make instrumental in the promotion of uniform safeguards to prevent buyers from shopping around for the least binding set,[1103] fell short of full scope safeguards, indicating some flexibility. Still, the EC negotiators laboured under an exaggerated sense of urgency, stemming from shortages predicted to set in about 1980[1104] in spite of valiant joint enrichment ventures like EURODIF and and EURENCO,[1105] to say nothing of a comprehensive "operation bootstrap" type energy policy that is beginning to make itself felt.[1106] Anyhow, they seem not to have taken advantage of "allies" inside the Canadian camp. Mr Jamieson himself dished out the bitter pill during the December 1977 foreign policy debate that "we cannot go on indefinitely mining uranium and keeping it in stockpiles," even though he sweetened it by underlining "that we are dealing with friends and allies."[1107] Translated into the vernacular, Canada could not have afforded the boycott much longer. Consequently, uranium producers far from contented themselves with "biting their finger nails but keeping their mines and plants running normally."[1108] They exerted "increasing pressure"[1109] against the embargo, fearing a repetition of the late 1960s doldrums. Arguments ranged from predictable lamenting about the harm done to Canada's balance of trade,[1110] with a fairly obvious if possibly spurious correlation to the safeguards, aimed at fomenting anxiety over the mining companies' welfare,[1111] to accusations of government neglect by endowing AECL with too Lilliputian manpower and finances to stand up to "American and European giants."[1112] That fullest application of governmental and industrial persuasive powers was *de rigueur* in the hotly contested nuclear market even with a superior product was driven home in the British case where an alert Canadian press officer saved the day for CANDU.[1113] A despondent Mr Ediger of Eldorado Nuclear summed up the mood in the industry: "The fact that a Canadian producer has uranium means only that a Canadian producer has uranium. The sales won't be handed to us."[1114] With the increasingly more efficient methods of burning nuclear fuels presently under development, moreover, the market situation will never again be this favourable for a supplier country like Canada.

[1097] "Canada/Euratom Safeguards Agreement Signed," *European Community* (Ottawa), Joint Press Communique NR(78)16 January 1978, p. 1. By mid-1980, a Euratom-Australia nuclear cooperation agreement was in the making while negotiations were but in the preparatory phase with the United States. Presumably both will entail more than passing glances at the pace-setting Canadian arrangement.

[1098] Ibid, pp. 1-2. France has since come to terms with the IAEA.

[1099] Ibid, p. 2.

[1100] For details see Canada, Atomic Energy Control Board, *Annual Report 1979-1980* (Ottawa: Minister of Supply and Services, 1980), p. 17.

[1101] "Community Energy Policy: Prospects and Achievements," NR(80)18, 6 August 1980, p. 6.

[1102] Conversations with the author, December 1980.

[1103] See "The CANDU Dilemma," *TIME* (Canada ed.), 14 July 1975; the Group, which meets in London, includes the UK, the Federal Republic of Germany, Canada, Japan, France, the US, the USSR, Belgium, the CSSR, East Germany, Italy, Poland, the Netherlands, Sweden, Switzerland. The last named was the longest hold out of all western powers against Canadian demands.

[1104] See Kramer, *Nuklearpolitik*, p. 151, and for a general assessment of EC requirements Michael Davis, "European Needs for Uranium in Relation to World Supply and Demand," in M.J. Jones (ed.), *Geology, Mining and Extractive Processing of Uranium. An International Symposium, Co-sponsored by the Institution of Mining and Metallurgy and the Commission of the European Communities, London, 17-19 January 1977* (No place: The Institution of Mining and Metallurgy, 1976), pp. 1-7.

[1105] The former being French led, the latter Anglo-German-Dutch, the two projects are locked in competition but this is not expected to speed up completion; full operation is anticipated only about 1985; see Robert A. Black, "Plus ca Change, Plus C'Est la Meme Chose: Nine Governments in Search of a Common Energy Policy," in Helen Wallace, William Wallace, Carole Webb, eds., *Policy-Making in the European Communities* (London: John Wiley and Sons, 1977), pp. 171-2.

[1106] The Community is currently implementing savings and research and development plans reaching ahead into the 1990s. While Black, "Plus ca Change," supplies a historical perspective, a good survey of achievements and prospects is a series of supplements to *EUR info*, "La politique energetique dans la Communaute," (No. 43, Novembre 1979), "Les sources energetiques alternatives," (No. 44, December 1979), "L'energie nucleaire," (No. 45, January-February 1980), and "Les economies d'energie. Les problemes du charbon et du gaz," (No. 46, March 1980). There is also a helpful dossier compiled by the Press and Information Office of the Commission of the European Communities, "L'energie dans la Communaute Europeenne. Necessite d'adaptation et imperatif d'innovation," (4th ed., September 1979). More readily available to the Canadian reader are "The European Community and the Energy Problem," *European Documentation* 2/1980 (Luxembourg: Office for Official Publications of the European Communities, 1980), and the previously cited news release by the Ottawa Delegation NR(80)18, "Community Energy Policy: Prospects and Achievements."

[1107] *Hansard*, 19 December 1977, p. 1998.

[1108] John Soganich, "Safeguards Could Pop Uranium Bubble," *Financial Post*, 15 January 1977.

Other inconsistencies must not escape mention. Surely Third Option advocates must have been disgusted by visions of American utilities feeding like piglets from CANDU reactors along the border, advanced in all seriousness by Cornell University's Aaron Regal who employed an equally unflattering agrarian metaphor.[1115] As Europe, seduced into an overwhelmingly light-water oriented programme by the US in the late 1950s and early 1960s, found itself jolted by an inward looking US bent on energy independence, Canada-European partnership should have flown from this naturally, the more so since the commercial link encourages joint ventures in all areas. Steps in this direction were taken. Urangesellschaft as well as Uranerzbergbau of Germany, among others, engaged in prospecting here.[1116] The 1976 Framework Agreement has begotten *ad hoc* committees looking into research and development inclusive of energy concerns. It also promoted exchanges of experts, joint seminars as well as cooperative ventures, among them the Energy Bus programme.[1117] Such official midwifing of more intensive collaboration by European and Canadian industries, however, is hampered by frequently contradictory Canadian policies.

[1109] Jeff Carruthers, "Nuclear Safeguards Facing Major Hurdle," *Globe and Mail*, 20 December 1977.

[1110] John Soganich, "Trade Balance Jeopardized by Uranium Shipment Ban," *Financial Post*, 23 July 1977.

[1111] See Robert Steklasa, "Scarce Sales Worry Industry," *Financial Post*, 28 January 1978.

[1112] Jeff Carruthers, "What the Nuclear Scandal Should Teach Us," *Science Forum* 10:1 (February 1977), p. 2.

[1113] See Dan Peacock, "Selling CANDU to Britain: A Venture in Public Diplomacy," *International Perspectives* 5 (January/February 1976), pp. 3-8.

[1114] Ediger, "Markets," p. 89.

[1115] He spoke of a "giant power cow," cit. by McIntyre , "Natural-Uranium Heavy-Water Reactors," p. 19.

The conditions attached to foreign uranium sales, namely that exports be in the highest processed form, could have been met admirably by the erection of one or more enrichment plants. Quite apart from the economic payoffs to the newly prosperous (and populous) uranium mining towns and deferred trade opportunities with Canada's foremost international partners,[1118] Canada could benefit stupendously from the European lead in this field. Furthermore, though CANDU reactors can not be fuelled by enriched uranium, it goes without saying that processing in Canada cannot but enhance Canadian control. At one point, such applications were actively encouraged by the Federal government, each of which to "be considered on its merit with the maximum good to Canada and the maximum of Canadian content as clear criteria."[1119] Yet one such Franco-Quebec project at James Bay came in for a rough ride, possibly due to federal-provincial as much as or more than Canadian-French relations. In some ways the project was lopsided enough to merit *Le MacLean*'s quip that "He who instructs himself, enriches himself. And he who doesn't ... enriches uranium ... and others."[1120] It was costly both in monetary and energy terms, syphoning off an inordinate amount of electricity. But the ammunition for the Opposition attack, $3 billion and 2,500 megawatts per year, let alone 18,000 tonnes of uranium oxide,[1121] originated with the President of Quebec Hydro, M. Giroux, reportedly annoyed by having been by-passed in the planning.[1122] Besides, a corollary agreement involving French-owned Seru Nucleaire Canada, AEC, and James Bay Development

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[1116] "Uranium Deals," *Financial Post*, 24 May 1969.

[1117] See "EC-Canada Energy Conservation Experts in Ottawa," *European Community* (Ottawa), Joint Press Release NR(79)23, 8 June 1979, and "Canada/EC Cooperation on the Energy Bus Programme," *European Community* (Ottawa), Joint Press Release NR(79)37, 17 December 1979.

[1118] These are spelled out in detail by Algoma MP Mr Foster, *Hansard*, 30 October 1978, p. 612.

[1119] *Hansard*, 19 March 1971, p. 4419, and also 26 March 1971, pp. 4657-8.

[1120] Jean Pare. "Enrichir l'uranium et les autres," *Le Magazine Maclean*, November 1974, p. 8. Translation this author's.

[1121] Figures used by Miss MacDonald, *Hansard*, 9 September 1979, p. 2069.

[1122] See Hugh C. McIntyre, "Any Harm in French Project?" *Financial Post*, 22 March 1975.

Corporation with Eldorado in a "substantial programme of exploration," went all but unnoticed. Considering the influx of investment, technology, guaranteed demand for James Bay electricity as well as construction jobs, the plan appears much less quixotic.[1123] Brimco, previously casting about for a Canadian partner for its $950 million enrichment operation (Eldorado most probably),[1124] now moved to piggyback on the Franco-Quebec project.[1125] This would invariably have done wonders for the prestige of Quebec, which anyhow harboured great aspirations not only from nuclear relations with the EC.[1126] Ottawa judged it less essential to the national interest.

Seeing that European businessmen tend, in this author's experience, to eye FIRA with some apprehension, regardless of its overall tame behaviour, Ottawa's preoccupation with foreign ownership in the uranium industry may have added a shackle. Earlier that year the government, evidently attuned to that possibility, had defended the limit of 33 per cent foreign ownership, compared to 25 per cent in the banks, as providing a "greater incentive for foreign investment."[1127] Uranium was the only industry honoured by being singled out in the 1970 Speech from the Throne. It "acknowledges and weighs the concern expressed increasingly by Canadians about the extent and the nature of foreign ownership in the Canadian economy. Legislation dealing with one aspect of this complex problem, the uranium industry, will be introduced...."[1128] Although no definite statement can be offered in this context, it seems fair to assume that, compounded by provincial regulatory schemes, special taxation, and obligatory government participation such as Saskatchewan's this, more likely than not, served to "blunt" European interest.[1129] In so far as the prophylactic was targeted chiefly at the US, its deleterious ramifications on nuclear relations with Europe may be contained through deliberate political moves. Alternatives are still being scanned.[1130]

The intricacies of intermeshing federal and provincial competencies has not manifestly deterred the Europeans, well versed as they are in the often sluggish complexity of the EC's byzantine institutions. On the excellent grounds that "this House can do anything except make a man and a woman,"[1131] Ottawa has asserted itself fairly strongly by refusing to "act simply as a customs officer" with no intention "to relinquish its jurisdiction over uranium."[1132] Previous evidence does not suggest that, especially in the case of France and Quebec, this has deflected tactics exploiting special contacts with a provincial capital. On the other hand, the more frequent and familiar interactions between Canadian and Commission officials in committees and working groups engendered by the 1976 "contractual link," in tandem with federal preponderance in things nuclear, could augur well for future cooperation. Certainly the most recent news is encouraging. Commissioner Haferkamp's summer 1981 visit to Ottawa was highlighted *inter alia* by an announcement jointly with Secretary of State for External Affairs MacGuigan anticipating a permanent safeguards treaty before year's end to replace the 1978 interim settlement. Whether or not assiduous industry lobbying decisively entered the government's considerations, the Canadian position, as it can be gleaned from a recent press report,[1133] signally mellowed. Ottawa retreated from end use control via prior Canadian consent to "mutual consent" by both parties and relinquished case-by-case reviews for high enrichment in return for more detailed information supplied by Euratom.

[1123] Ibid.
[1124] See *Hansard*, 19 March 1971, p. 4419.
[1125] See Wade Rowland, "Step Right Up and See the Sale of Canada's 21st Century," *Maclean's*, January 1975.
[1126] See Michel Nadeau, "L'Accord cadre entre le Canada et le Marche commun et ses consequences sur l'economie du Quebec." *Forces*, 36 (3rd Trimester 1976), p. 10.
[1127] *Hansard*, 20 March 1970, p. 5271.
[1128] *Hansard*, 8 October 1970, p. 3.
[1129] See McIntyre, *Uranium*, p. 44.
[1130] See M. Lalonde's answer to Question No. 213, *Hansard*, 8 July 1980, p. 2650.

Of less strategic ramification than uranium, but no less perplexing, is the convoluted fisheries question. It became acute between Canada and the Community following Ottawa's decision, effective 1 January 1977, to extend her coastal fisheries jurisdiction to two hundred nautical miles for the purposes of conserving seriously depleting stocks and their improved management, two sides of the same coin. Having just inserted a similar provision in its own revamped fisheries policy of 1976,[1134] acceptance by the Nine was forthcoming as a matter of course on 3 November,[1135] the more so since Canada readily acknowleged an obligation to grant foreign flag fleets access, albeit more controlled access. Nor did multilateral accommodation pose insurmountable obstacles, crucial in light of marine animals' migratory habits as much as the fact that some 90 per cent of the total catch off Canada's East and West coasts originates within the expanded fisheries protection zone.[1136] Talks got under way late in 1977 and continued throughout 1978 aimed at a successor organization to the International Commission for the Northwest Atlantic Fisheries (ICNAF), condemned to obsolescence by the two hundred mile zones. Experts engineered a draft treaty in May 1978 for submission to all governments concerned to "provide for the efficient management and control of fisheries areas of the Northwest Atlantic beyond national jurisdiction," granting special consideration to Canadian fishermen in the Grand Banks and for Flemish Cap beyond 200 miles.[1137] The European Community, along with Canada, the German Democratic Republic, Iceland, Norway, Portugal, Romania, the USSR, and Denmark with respect to the Faroe Islands acceded to the new convention on 24 October 1978 in Ottawa and the Minister of Fisheries, Romeo LeBlanc, who firmly committed Canada to multilateral co-operation and co-ordination.[1138] ICNAF's successor, the Northwest Atlantic Fisheries Organization (NAFO), entered into force on 1 January 1979. Additional to the management of fisheries beyond the territorial zones staked out by the coastal countries, it also opened avenues of mutual consultation and collaboration in scientific research.[1139]

[1131] Mr Greene, *Hansard*, 5 February 1971, p. 3106, in fact made this remark with respect to federal involvement in the uranium industry.

[1132] *Hansard*, 20 December 1974, pp. 2103. This does not include responsibility for the marketing as such.

[1133] Jennifer Lewington, "Safeguards Pact May Spur New Uranium Orders," *Globe and Mail*, 7 July 1981.

[1134] For a short summary of the EC's fisheries policy's main points consult John Paxton, *A Dictionary of the European Economic Community* (London: Macmillan, 1978), p. 108.

[1135] See *Hansard*, 19 November 1976, p. 1193.

Such smooth and speedy progress, egged on by necessity, along the multilateral track, however, was not replicated between Canada and the EC dyadically. Indeed, the two form a notably uneven match concerning fisheries: the rather limited Canadian fishing off Greenland contrasts sharply with heavy European interests in this country's abundant fishing grounds, thus proffering little opportunity for reciprocity save for access to the European market of processed Canadian fish products. This sensitivity asymmetry is accompanied by internecine wrangling over the EC fisheries policy, presently "common" only in its official designation, which forces Brussels to face Ottawa with one hand securely tied behind its back by rampant egotism, especially in Paris and London. Without going into the political intricacies, suffice it to say that the joint stance on fisheries by the EC has always shown a somewhat unprepossessing complexion. Mr Geoffrey Rippon was not alone in considering it a "curious coincidence" that the Six only managed to agree on this ticklish subject at the very moment when British (and Norwegian) membership appeared imminent.[1140] Not surprisingly, British fishermen, reliant on the inshore catch, were less than taken with the common fisheries policy's mainstay, freedom of access by all Member States to each other's fishing grounds. Mr Rippon successfully haggled for a ten years' exemption from the policy and retained full control for Britain of her six mile zone (twelve miles in certain areas). This uncommunal attitude has set the mood for the common fisheries policy ever since. When its re-modelled 1976 version devolved upon the EC the right to engage with third countries in negotiations regarding access rights, this immediately ran aground in Canada's case.

[1136] Figures given by Mr Jamieson, ibid, p. 1194.
[1137] *International Canada*, 9:5 (May 1978), p. 130.
[1138] Canada, Department of External Affairs, *Communique* No. 95, 24 October 1978.
[1139] *International Canada* 10:1 (January 1979), pp. 21-2.

In 1972 Canada had entered a treaty with France clarifying the situation off South West Newfoundland. The document laid down reciprocal fishing rights and an equidistant line between Canada and the French territories. Geographic data, of course, played havoc on the legal construct of the two hundred mile zone, and anxious queries arose in Parliament whether Community responsibility would engender demands for fishing rights in French waters surrounding the islands. They were sparked by an incautious, though inadvertent, reference by Mr LeBlanc to the "French Community."[1141] Canada's position pivoted on a firm separation of treaties with a Member State (France) and the EC *qua* Community: "in the government's view the treaty with France is not a treaty with the European Community."[1142] The Secretary of State for External Affairs expanded:

> In theory, of course, the situation of St. Pierre and Miquelon is ... that it is part of France. Therefore, setting aside altogether what the European Community does, France unilaterally, obviously, has the right to define what it considers to be its 200 miles. However, ... it then, other than in that sector, cannot have the European Economic Community agreement transcend its treaty with Canada. We have made it very clear to them that since 1972 there is a treaty between Canada and France. The French Government cannot now say, in effect, to the EEC that because the nine have agreed on a 200 mile zone which the Community will totally use, that agreement supercedes the agreement it has with Canada.
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> The best legal advice we have is that it would not be possible, for instance, for non-fishing nations, in terms of ones that have never fished in the North Atalntic or any category of that kind, to come in under the umbrella of the EEC agreement. It is still basically a Canada-France agreement and we have total negotiating control over it.[1143]

[1140] Cit. in Walter Farr (ed.), *Daily Telegraph Guide to the Common Market* (new, enlarged ed.) (London: William Collins and Sons and Co. Limited, 1973), p. 111.

[1141] See *Hansard*, 14 December 1976, p. 1986.

[1142] Ibid.

[1143] Mr Jamieson in *Hansard*, 19 November 1977, pp. 1193-4.

In other words, France was free to let fellow EC members partake in its own share but the waters around St. Pierre and Miquelon did not automatically form part of the two hundred mile zone to which all Nine had equal access. Regardless of Paris' looking askance upon interloping by other EC countries, the delineation of French and Canadian waters proved less straightforward and further retarded the negotiation of a Canada-EC agreement into which that with France would ultimately have to be incorporated.[1144]

To unravel this wooly issue, Fisheries Minister LeBlanc travelled to Brussels in September 1977, hoping to sound out the possibilities for a fisheries framework agreement with the Community without awaiting the resolution of the St. Pierre/Miquelon conundrum. Eager for international recognition of its responsibility in the field, EC reception was not discouraging. Early the next year Ottawa and Brussels thought of themselves as making headway in the guise of a new catch agreement arrived at in conjunction with Norway, Sweden and the Faroe Islands. Because fishing fleets are national and the main beneficiaries of the accord would have been German fishermen, Britain, whose distant water fleet, the *Economist* commented pungently, "had been blasted out of existence by the Icelandic cod war,"[1145] set its collision course with Germany by torpedoing the plan pending a full-fledged European fisheries policy. Undeterred, Canada and the Commission after two days of discussion in July, "agreed on the terms and conditions which [would] govern their fisheries relations for the remainder of 1978,"[1146] and initialled a short-term agreement for 1979 to provide also for "commercial co-operation." While officials adamantly denied any formal linkage between European fishing rights off Canada and access for Canadian fish products,[1147] pressure on the Europeans had likely not been the prerogative only of interested provincial governments like Newfoundland. Informed sources interpreted "commercial co-operation" as a euphemism for European pledges to increase imports of such products from Canada.[1148]

[1144] Conversations, Brussels, Fall 1977.

[1145] "Treading Water," *The Economist*, 21 June 1980.

[1146] News Release as rendered in *International Canada* 9:7-8 (July-August 1978), p. 182.

[1147] See Mr MacEachen in *Hansard*, 30 October 1978, pp. 570-1.

[1148] See Halifax *Chronicle Herald* as paraphrased in *International Canada* 9:7-8 (July-August 1978), p. 182. See also Lyndon Watkins, "Fisheries Officials Expect US to Impose Countervailing Duties," *Globe and Mail*, 3 February 1978.

European flag vessels in fact operated in Canada's fisheries protection zone under the terms of the Agreement in 1979, but on a provisional basis: internal bickering among the Nine delayed the formal exchange of letters by exactly seven months. Events soon were to disabuse Minister LeBlanc of his optimistic assessment of the interim agreement as "a step forward in Canada-EEC cooperation in fisheries," supplying "a sound basis for the continuation of negotiations aimed at achieving a long-term agreement on future cooperation in fisheries and in the trade of Canadian fish products."[1149] Work did get under way in late 1979 to hammer out a permanent settlement, initialled on 29 November 1980. "The Agreement, which takes into consideration the conservation of fish stocks and the work of the UN Conference on the Law of the Sea, covers commercial co-operation, allocation of fish and the Atlantic salmon fishery," an official announcement stated tersely.[1150] Reportedly, EC negotiants had exchanged a 400 per cent boost of Canadian cod fillet exports to the Nine for a 36 per cent rise in the Community's fishing quota in Canada's two hundred miles.[1151] Purportedly on grounds of gross inequity, the UK flatly rejected those terms and the matter was thus cast back into abeyance; London has not yet relented on its policy of holding the German fishing fleet hostage, as the word goes in Brussels corridors.[1152] Not until late in 1981 did the British withdraw their veto and a new agreement materialized.[1153]

Managing Canada-EC Interdependence

Closer co-operation with Europe offered Canada three broad scenarios. In a phrase imaginatively coined by Claude Lemelin, Ottawa could content itself with a transatlantic *"croque-monsieur"* by exporting grain in return for more cheese and ham imports from France, i.e. strive for partial trade liberalization in key sectors. Second, Canada might heed the Latin maxim of *divide et impera* by playing off American multinationals against their European challengers and reducing the US preponderance proportionately. Or, thirdly, multidimensional collaboration with Europe might be envisaged. In addition to freer exchanges generally, this scenario sketches public and private joint ventures, harmonization of key policies, optimal use of the counterweight principle, and fullest exploitation of asymmetrical flows of human, technological as well as cultural resources.[1154] With the Framework Agreement, Ottawa presumably embarked upon this last course of intensifying interdependence with the EC. Interdependence, however, assumes multiple linkages. "The greater the linkages between national partners," Professor Douglass has noted, "the more likely that decisions made in one country, whether by governments or private economic interests, will influence the economies of others ... and encourage the search for more unified co-operative strategies."[1155] For Canada-EC collaboration, however, it was paramount that, as in the famous chicken-and-egg riddle, the converse held at least equal causal probability, namely that to voluntarily circumscribe their freedom of movement with respect to each other by harmonizing policies would result in incentive for proliferating linkages. For their distinct shortage was widely understood as the Canada-EC dyad's central deficiency. If the Framework Agreement was to be spared the frustrating fate of not amounting "to anything beyond mere statements of good intentions," as Edmonton MP Doug Roche charged too negatively far too soon given the long-term nature of the exercise,[1156] its institutionalized transgovernmental linkages must be applied towards transnational conduits on the commendable premise that "governments propose but non governmental [sic] actors dispose."[1157]

[1149] Mr LeBlanc cit. in *International Canada* 10:3 (March 1979), p. 102. Note the juxtaposition of co-operation on fisheries with access to European markets.

[1150] "Fisheries Agreement Reached," *Europe* (Ottawa), First edition (Summer 1981), p. 29.

[1151] "Treading Water," *The Economist*, 21 June 1980.

[1152] The issue is a major one internally, too. Bonn is rightly miffed by London's not keeping what had been considered a tacit bargain: the British would oblige regarding fisheries for a hefty German contribution to easing the UK's EC budget deficit.

[1153] See "Fischerei: Kanada ratifiziert das Abkommen mit der EG," *Die Welt*, 24/25 December 1981.

The first transgovernmental linkages were formalized at the parliamentary level. Upon returning from its fact-finding mission to Europe, the Senate Committee on External Relations recommended an interparliamentary link in its *Report*.[1158] The Committee was also instrumental in bringing about the November 1973 encounter in Ottawa of Euro-parliamentarians with members of the Commons' Standing Committee on External

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[1154] These three scenarios are developed in Kimon Valaskakis, "L'Option Europe: Une vue de long terme," *L'Actualite economique* 52:4 (October-December 1976), esp. pp. 546-52.

[1155] Gordon K. Douglass, "National Interests and International Order," in his *New Interdependence*, p. 10.

[1156] *Hansard*, 17 December 1977, p. 2015.

[1157] See the presentation to a CEDE colloquium by Michael Hodges, "Canada and the European Communities: Problems in the Management of North Atlantic Interdependence," in Lalande, *Relations exterieures*, pp. 51-6.

[1158] Senate *Report*, pp. 25-6.

Affairs and National Defence.[1159] Their meetings covered the waterfront of points at issue between Canada and the EC, with much stress placed on Canada's separate identity rather than her treatment as merely a component of a North American block. The Canadians' countervisit to Brussels the next year institutionalized these exchanges as an annual event, emulating similar arrangements in NATO and, more pertinently, with the Council of Europe. Parliamentarians involved soon became some of the most avid champions of the contractual link. Not to belittle the interparliamentary conferences' contribution as a "flexible and effective ... instrument for the joint debate of all facets of the relations between the EEC and Canada, both political as well as economic," to cite the rather smug self-assessment by the European Parliament,[1160] their part in the actual management of interdependence was limited.

Conducive to mutual understanding though these interchanges of views are, one Canadian legislator displayed keen awareness of their limits: "when Canadians meet their counterparts from other countries, they are not participating in negotiations. That is the function of the governments ...."[1161] Especially the perfunctory role played by the European Parliament within the EC's institutional context distinctly deflates expectations. The conclusion of the Framework Agreement with Canada is a sobering case in point. While Gaston Thorn as the President of the Council informed the European Parliament of the opening of negotiations with Canada in a letter dated 19 February 1976,[1162] Parliament's formative input proved minimal. The European Parliament had barely approved its draft report on the state of Canada-EC relations on 22 June 1976 when Council (on 28 June), pursuant to Article 238 of the Treaty of Rome, requested its (non-binding) opinion on the *initialled* and *completed* Canadian accord (Doc. 213/76). Not without slipping into its resolution the rebuking qualifications alluded to *supra*, the Committee on External Economic Relations' unanimous acceptance of the treaty on 3 September put a benign face on Council's cavalier treatment by producing the aforementioned report, revised to include a discussion of the Framework Agreement.[1163] That episode hardly bespeaks decisive participation in the Community's external relations by the European Parliament, devoid as it is of even the legitimizing power to rubber-stamp.

[1159] See the report and debate on their meetings and the appended joint communique issued in *Hansard*, 16 November 1973, pp. 7887-96.

[1160] PE 44/310, p. 37. Translation this author's.

[1161] *Hansard*, 20 December 1977, p. 2054.

[1162] Rendered as Annexe 5 to Lalande, *Relations exterieures*, pp. 115-7.

[1163] The chronology, though not the interpretation, were garnered from PE 44/310, p. 3.

Both the giant cast to be orchestrated and the tendencies prevailing in Canada-EC economic and commercial relations at the decade's outset made this a daunting task indeed. Barring the two principal interlocutors, the Government of Canada and the Commission of the European Communities, and bracketing out interactions inside the fold of obvious international organizations including the OECD, NATO, and, to a lesser extent, the Council of Europe, with whom Canada had established an enviably close working relationship,[1164] one highly abstract scheme helpfully proffered by Kimon Valaskakis[1165] still leaves nine residual groups. In the public domain, both the Community Member States and, in some instances, their subsidiary states and/or regions as well as, by extrapolation, the ten Canadian provinces may figure prominently. More variegated yet are private sector participants. They range from a Canadian and European set each of multinational corporations, small and medium-sized enterprises--to which the architects of the Framework Agreement especially addressed themselves--and individuals.

Economically, Canada and the EC have decreased in importance to each other. To be sure, British accession literally doubled the significance to Canada of the EC which ascended in the hierarchy of Canada's economic partners from third place (behind the UK but before fourth-rated Japan) to second, behind the United States. It is, nevertheless, a distant second. The United Kingdom has lost steadily in economic importance to Canada. Relatively, Britain in 1975 supplied only half her Canadian market share of the early 1960s. The Community as a whole, too, had to accept a regressive trend. From 1962 to 1976, EC exports to Canada declined from 3.5 to 2 per cent of total exports while imports from Canada dropped from 4.1 to 2.9 per cent of total imports over the same time span. As for Canada, exports to the Nine tumbled from over 20 to 12 per cent of all exports, while imports originating there shrunk from 14.6 to 9.5 per cent. That actual trade between Canada and the EC multiplied by a factor of 3.5 from 1962 to 1975 only imperfectly touches up this sorry picture[1166] because in global terms Europe was falling behind. Between 1958 and 1972, Canadian exports to the Six increased by 153 per cent, to the US, 204 per cent, and to Japan, an astounding 1,500 per cent.[1167] Europe had also faded as a source of capital. With approximately 15 per cent of all foreign placements the Nine accounted for over two-thirds of non-US foreign investments. In return, Canada placed 15 per cent of her foreign investments (excluding the United States) in the Community. The Caribbean was the preferred locale ahead, with some margin, of Britain and the rest of the EC.[1168] Therefore, if the Community was to counterbalance the United States, these negative tendencies had not only to be arrested, but reversed.

[1164] See Grenon, "Canada's Developing Relations With the Europe of 'Eighteen'," passim. See also "Consultative Assembly of the Council of Europe," *External Affairs* 21:10 (October 1969), pp. 362-3. In many ways Canada's relations with the Council of Europe were far better developed than those with the EC and were proposed by the Member for Edmonton West, Mr Lambert, as the sort of arrangement Canada should strive for with the EC as well. *Hansard*, 5 March 1974, p. 181.

[1165] Figure I in Kimon Valaskakis, "La C.E.E. a-t-elle une politique coherente vis-a-vis du Canada?" *Etudes internationales* 9:1 (March 1978), p. 132.

Notoriously somnolent Canadian business involvement in Europe exacerbated matters. Sublimely understating the case, then Parliamentary Secretary to the Prime Minister, Mr. B.J. Danson, thought "Canadian businessmen ... a little bit reticent about dealing with the Common Market."[1169] Less charitably put by a fellow MP, "[t]here are strong indications that Canadian industry has been dilatory and timid, or else foolishly disinterested, in pushing sales in EEC."[1170] Lacking initiative born of disinterest was the diagnosis of Canada's disenchanted *Charge* at the Mission to the Communities, baffled by the incongruously lacklustre performance in Europe by Canadian industrialists perfectly willing and capable of successfully taking on US competitors on their American home turf.[1171] Irksome somersaults by Canadian businessmen cancelling European contracts, entered under the impact of deteriorating Canadian-US relations and declining American economic conditions, the instant renewed promise in their customary ambit obviated the need for alternatives,[1172] complicated the Embassy's task. To little avail did the Department of Industry, Trade and Commerce, since the late 1960s, devote more or less an issue annually of its house publication, *Foreign Trade*, and its successor, *Canada Commerce*, all but exclusively to the EC. Typically, factual information was included as well as proselytising contributions such as a fictional conversation between a prospective Canadian exporter and Trade and Commerce officers to place the bait of incentives under the Program for Export Market Development (PEMD).[1173] Furthermore, by 1973 the Nine and associated European countries hosted one third of all Canadian Trade Commissioners posted abroad.[1174] Notwithstanding the active transnational contribution to the contractual link by selected (primary) producers, notably Rotterdam grain merchants and Canada's pulp and paper industry,[1175] "big business" received the diversification policy coolly. In a representative statement, Robert MacIntosh, Vice-President of the Bank of Nova Scotia, derided the Third Option as "long on verbal felicity and short on content," i.e. devoid of real strategy.[1176] At this juncture one encounters a peculiar contradiction. Belonging to the upper socio-economic strata, businessmen and industrialists also appertain to that group hogging the bulk of knowledge about the Community and consistently most favourably predisposed to the EC.[1177] Hence, force of habit rather than dislike militate against more vigorous Canadian business engagement in the Nine.

[1166] Figures supplied by the Commission of the European Communities.

[1167] PE 44/310, p. 8.

[1168] See Canada, Statistics Canada, *Canadian Investment Abroad 1975* (Ottawa: Statistics Canada, 1977), pp. 2-7 as well as Gilles Gratton and Marcel Custeau, "Composition des capitaux etrangers au Canada," *L'Investissement etranger* 1: (Winter 1978), pp. 18-9. In dollar terms, EC investments in Canada tallied up to 5.11 billion in 1973, Canada reciprocating with 938 million in 1971.

[1169] *Hansard*, 23 February 1971, p. 3670.

[1170] Paul St. Pierre, "Industry Too Timid in EEC Market," *Canadian Business* 44:2 (February 1971), pp. 39-40.

[1171] See A.R.A. Gherson, "The EEC Market. The Challenge and the Opportunity for Canadians," *Foreign Trade* 19 July 1969, p. 2, and his "Canada Missing Opportunities," *Foreign Trade* 134, 15 August 1970, p. 15.

[1172] Reported in John van der Feyst, "EEC--Are We Missing the Boat?" *Canadian Business* 46:5 (May 1973), pp. 11-2.

Precursors of the 1976 contractual link instill little confidence in its success either. The 1959 Canada-Euratom agreement, setting off with good intention and technological promise, lay dormant throughout the 1960s only to be rescucitated as a rich source of friction in the 1970s. A study surveying framework agreements on science and technology concluded by the Trudeau government, with special consideration given Belgium, France, and the Federal Republic of Germany, found them invariably ailing from political enthusiasm unmatched by the perquisite structural and functional implements. The collaborative potential especially at the industrial level had been consistently and grossly overestimated. The study's author echoed a US congressional committee's findings that "[e]xpectations are likely to run ahead of performance."[1178] Thus burdened, official statements celebrating the forging of the contractual link expressed cautious optimism. Ambassador Cadieux depicted the Framework Agreement as but the beginning of a process,[1179] modestly disclaiming reinvention of the wheel.[1180] Nor did his political superior "expect things to change overnight."[1181] Liberal democracies do not wield the economy as a political club with the same relative ease as totalitarian systems with no private sector of influence. "We can't develop synthetic interest,"[1182] Mr Sharp dryly commented on the inertia shackling Canada-EC relations. Government authorities in free societies, wont though they increasingly are to overstep their bounds stretching the label of "mixed economy," are still largely confined to providing the most clement environmental conditions. Regarded from this angle, the Framework Agreement was appropriately christened. Irrespective of its symbolic contribution to the Third Option's political objective, the contractual link was conceived as a stimulant to industry and business initiative; as such it has had to share with the Third Option the occasional accusation of dirigism. The civil servants were to act only as "midwives," a metaphor equally accepted in Ottawa and Brussels. Sir Christopher Soames expanded before the European Parliament:

[1173] See "Selling Canada in the EEC," *Canada Commerce* 138:1 (January 1974), p. 8. Under PEMD Industry Trade and Commerce would contribute up to 50 per cent of costs incurred by firms investigating new overseas markets, repayable by 1 per cent of the product's sales.

[1174] Gough, "Canada's Future," p. 2.

[1175] On the former see Mahant, "Canada and the European Community," pp. 43-4, on the latter Marcel Cadieux, "Canada and the EEC--Further Thoughts on the Contractual Link. An Address by Mr Marcel Cadieux, Head of the Mission of Canada to the European Communities, to the Canadian Pulp and Paper Association, Montreal, January 27, 1976," S/S 76/4, p. 6.

[1176] Cit. in Stephen Clarkson, "The View from Big Business: Dependency Yes, Options, No," *Globe and Mail*, 13 December 1976.

[1177] For a comparative analysis see Ulrich Strempel, "Views of the European Community, or, Now You See It, Now You Don't," in Marie Fleming (ed.), *The European Community and Canada-EC Relations. Proceedings of a Workshop of the European Politics Group in Ottawa 11-13 December 1978* (London, Ont.: University of Western Ontario, 1979), passim.

> Generally speaking, ... this is an agreement between two societies committed to mixed economies in international trade and co-operation, and for this reason economic co-operation will only take place if we can engage the interest and commitment of the commercial operators themselves, of our businessmen, of our companies--public and private--and of our banks. ... The role of the private sector in its success or failure is, I believe, primordial.[1183]

In the same vein, Mr MacEachen styled the pact "a catalyst to stimulate economic co-operation."[1184]

[1178] Cit. in Jocelyn Maynard Ghent, "Science, Technology and Foreign Policy," *Behind the Headlines* 36:5 (May 1978), p. 11.

[1179] Marcel Cadieux, "Canada and Europe Framework Agreement Is the Key to Closer Relations," *International Perspectives* (November/December 1976), pp. 3-7.

[1180] "Nous ne pretendons pas avoir reinvente la roue." Cadieux cit. by Bywater, "L'Accord cadre," p. 369.

[1181] Alan J. MacEachen, "Pioneering a New Kind of International Economic Co-operation. A Statement by the Secretary of State for External Affairs, the Honourable Alan J. MacEachen on the Occasion of the Signing of the Framework Agreement for Commercial and Economic Co-operation Between Canada and the European Community, Ottawa, July 6, 1976," S/S 76/21, p. 2.

[1182] Senate *Hearings*, 21 March 1972, p. 2:7.

[1183] European Parliament, *Verbatim Record*, 14 September 1976, p. 48.

The first order of business was necessarily to ferret out the causes at the root of the anemic past performance, the more so because elated public rhetoric could not be backed up by hard official estimates of the Canadian and European markets' respective absorptive capacity for each other's goods. Probes in this direction unearthed an interesting difference between Eurocrats and Canadian officials. The latter exuded considerably more confidence in Canadian opportunities in the Community whereas the former commented, if at all, with the utmost reluctance.[1185] To light up this stygian darkness, the two partners co-produced a fascinating trade flows study[1186] which rejected as too simplistic, though not irrelevant, the stock explanations for poor past performance of Canada-EC commerce: since the relative position of the original Six practically stagnated, and given that Ireland and Denmark (the lone Member State with a positive trade balance with Canada) trade negligibly with Canada, the shrinking economic importance of Great Britain is habitually held responsible. Though accelerated economic growth in the Community may have fuelled demand for third country products, the effects of integration (inclusive of the EFTA spinoff) and association agreements are identified as much as a Canadian preference for the more familiar US market flowing from geographic contiguity. Having thus spread some blame as evenly as possible, the authors preferred to deflect the remainder altogether onto international stagflation, an unholy alliance of recession and inflation, as well as the emergence of new producers in the Third World. Perhaps the brochure's main shortcoming is its silence on investment patterns, presumably to be treated under separate covers. A thorough screening of the Canada-EC trade structure, these data-packed thirty-one pages provide a useful service to every student of Canada-EC affairs. By the same token, they are more indicative to authorities which sectors to pat and which to prod (and during its compilation aroused officials on both sides to the shortcomings of the other's statistical bookkeeping) than enlightening to businessmen seeking an entree into Europe or Canada--they are still best referred to practical guides such as Bolt's.[1187]

[1184] MacEachen, "New Kind of International Economic Co-operation," S/S 76/21, p. 2.
[1185] Conversations, Brussels, Fall 1977 and Winter 1977-78.
[1186] The previously cited *Canada and European Community Trade Flows 1962-1977.*
[1187] Gordon J. Bolt, *Communicating With EEC Markets* (London: Kogan and Page Limited, 1973).

At first glance, the same applies to the joint working groups investigating the fields of forestry products, aerospace, peri-informatics and telecommunications, nuclear power as well as metals and minerals, many again subdivided into expert sub-groups, with an eye to "developing the basis for promoting industrial co-operation between Canadian and European companies."[1188] Energy conservation was added to the list of subjects through a memorandum of understanding which also arranged for a European tour of a Canadian "energy bus" equipped to assess industrial energy wastages.[1189] Other possible areas (including food processing, urban transport, health care and medical equipment) are being scanned. Research and development has been emphasized from the outset, indubitably as an area in which strategically placed incentives, monetary or otherwise, can nudge industry in directions desired by public authorities. Here the menu is varied, including a programme known by its engaging acronym FAST (short for Forecasting and Assessment in Science and Technology), environmental R and D, energy modelling, raw materials, solar and nuclear industry, radio biology, climatology etc. To the ubiquitous business dubitantes in Canada and Europe, all of the above confirm their assessment of the Framework Agreement as "at best woven from red tape, more likely, some kind of con job," in short a transatlantic authentication of Parkinson's law, providing more civil service sinecures by "lead[ing] to more bureaucracy" and little else.[1190] In point of fact, these activities are quite in line with economic midwifery in more ways than one.

A prime factor stifling co-operation between European and Canadian businessmen and industrialists, encountered time and again, was the very prosaic lack of knowledge about each other. Without launching here into ontological hair-splitting as to the causal relationship between knowledge and interest, a working assumption by officials implementing the Framework Agreement posits that more extensive information about each other will in due course awaken interest by reducing uncertainty. Originally the well-trodden path of large-scale missions of industrialists was broadened further. Three sectoral missions antedating the Framework Agreement by severel months have already been mentioned. From 27 to 30 March 1977, the so-called "Blue Ribbon" mission of twelve business representatives, shepherded by Industry, Trade and Commerce Assistant Deputy Minister A.M. Guerin and two other ranking officers,[1191] met with members of the Commission (including President Roy Jenkins) and Eurocrats. Their schedule of seminar-like discussions and working lunches covered such diverse topics as an introduction to EC decision-making, its common policies, an agenda for projected bilateral co-operation, but also specialized questions such as patents. Essentially, the "Blue Ribbon" mission scouted for the fittingly dubbed "Jumbo Mission" whose 165 industry and fifteen provincial civil service members invaded Brussels with all due pomp and circumstance in November, led by Industry, Trade and Commerce Minister Jack Horner.[1192] Primed by a *Financial Post* conference controversially promoted through personal letters to three thousand executives by Mr Horner's predecessor,[1193] the "Jumbo Mission's" quest was loosely circumscribed as determining the contractual link's "real value." Talks revolved around all matters of common interest down to such mundane considerations as the international standardization of lumber. Eurocrats administered briefings candidly evaluating the Community's prospects and difficulties. Predictably, publicized reactions to this pageantry were overwhelmingly encouraging, interlaced with the obligatory occasional cautionary remark to dampen rampant euphoria.[1194]

[1188] For details see JCC, "Third Meeting. Report," Brussels 17 December 1979. The work programme for 1980-81 is appended.

[1189] See Commission, *Thirteenth General Report 1979* (Luxembourg: Office for Official Publications of the European Communities, 1980), and "Canada/EC Co-operation on the Energy Bus Programme," *European Community* (Ottawa), Joint Press Release NR(79)37, 17 December 1979.

[1190] Cit. in David Magee, "How Canadians Struggle With Europe's Red Tape," *Financial Post* 12 November 1977.

Off the record, however, executives and officials alike delivered themselves of comments shedding their public complacency.[1195] Part at least of the positive feedback was even said to be attributable to "padding" of the missions (especially the non-ferrous metals delegation) with representatives of companies possessing a firm footing in Europe already, because others expressed reticence. Apart from preaching to the converted, an edgy competitiveness between Canadian and EC officials chaperoning the outings exacerbated matters. Evaluated *in camera*, experiences gathered from these highly visible affairs must have fed nascent doubts as to their usefulness: such "public diplomacy" inevitably renders success mandatory if only to vindicate the lavish outlay in funds and official energy--scant motivation to attack with hard give-and-take bothersome problems begging short-term resolution. Besides, even the information value of inundating jet-lagged visitors, harried by a tight timetable ushering them from conference to conference in unfamiliar surroundings, with new impressions and raw data digestible at the best of times only with thorough analysis presupposing a firm grasp on the subject, is questionable to the extreme. Negative examples abound. Paul St Pierre's reference to the *Berlaymont* complex as "assuming the stature in Western Europe equivalent to the White House" might be chalked up to overenthusiasm, but "NATO Eurocrats" are the construct of jumbled briefings.[1196] More counterproductively, "professional tourists" such as journalists and academics are not immune to the syndrome either. To wit John van der Feyst's introduction of Mr Ortoli, next to his portrait wearing an aptly doubtful expression, as the "president of the Council of thirteen ministers," to be outdone yet by this gem: "[t]he Berlaymont building is indeed impressive both in size and complement, but its output would be low were it not for the real decisions made by the board of thirteen ministers who prepare the legislation on which the 1,016 members of the European parliament in Strasbourg vote to make it stick."[1197] The existing visitors programmes inclusive of one co-sponsored by the EC and NATO targeted at young academics thus leave much room for improvement if they are to transcend a welcome cosmopolitan break from their participants' dreary professional routine. Better exposure of the Commission's administrative internship, which permits placement of recent university graduates, civil servants or private sector executives as *stagiaires* inside the EC administrative machinery for three to five months, represents a promising alternative. Thus far Canadian response has been underwhelming.

[1191] For a list of participants see Canada, Mission of Canada to the European Communities, "Businessmen's Mission," *Press Release*, Brussels, 24 March 1977. The other two officials (not included in the list attached to the Communique) were Mr A.W.A. Lane, Director General, European Division, Industry, Trade and Commerce, and Miss M. Filshie, Executive Assistant to Mr Guerin.

[1192] See Clive Baxter, "Horner Seeks Answers in Europe," *Financial Post*, 26 November 1977.

[1193] See Wayne Cheveldayoff, "Private Meeting Boosted in Letters Sent by Chretien," *Globe and Mail*, 15 September 1977.

[1194] See "Canadians Mount Largest Trade Mission Ever to European Economic Community," *Canada Commerce* 142:1 (January 1978), pp. 14-6, and Clive Baxter, "No Special Deals But Scope for Trade Under Europe Link," *Financial Post*, 17 December 1977.

[1195] Conversations, Brussels, Winter 1977-78. See also David Magee, "How Canadians Struggle With Europe's Red Tape," *Financial Post*, 12 November 1977.

Evidence suggests the lesson has been learnt. Joint initiatives pursuant to the Framework Agreement are increasingly directed at bringing companies and individuals from both sides of the North Atlantic together in working relationships. An example includes collaboration on steel research for which the minerals and metals working group has been instrumental. In an effort at rejuvenating a sector problematic enough throughout the industrialized world to have earned the byword of "industrial geriatrics,"[1198] steel companies from Canada and the EC will trade information and experience, collaborating towards more fuel efficient blast furnaces. Other firms, including British Steel and Dominion Foundries and Steel Limited of Hamilton, Ontario commenced investigations into the behaviour of coke.[1199] Similar industry contacts have been forged in other sectors also. While industry missions still form part of the common repertoire, these tend to be on a smaller scale and tailored to more specific issues, thereby evading the publicity of their larger ancestors yet yielding more lucratively concrete conclusions. Cognizant, moreover, of the impediments thrown up by unfamiliar business conditions and policies including, to gauge by the Opposition raucous raised over it, metrification,[1200] the JCC in 1978 authorized workshops and seminars on "particular aspects of the economic and regulatory environment." The first, scrutinizing EC competition policy, took place in November 1978 and gratified its instigators with "a wide response among Canadian businessmen."[1201] Since large corporations, especially multinationals, have displayed the capacity to make inroads into foreign markets thanks to their own vast financial and personnel resources (and are plausibly less succeptible to government goading), medium-sized and smaller enterprises have been discovered as a largely untapped source of co-operation and joint ventures by Brussels and Ottawa. Both sides therefore point with pride to the liaison, since September 1978, between the Community's Business Co-operation Centre and Canada's Department of Industry, Trade and Commerce. Affectionately called the "marriage bureau," the Centre monitors possibilites for industrial co-operation by companies whose resources do not extend to gathering such intelligence, arranges for information exchanges and puts prospects in touch with each other.[1202]

[1196] St Pierre, "Industry Too Timid," pp. 39 and 40.
[1197] John van der Feyst, "Berlaimont--Home of the Eurocrats," *Canadian Business* 46:5 (May 1973), p. 56.

[1198] Richard W. Sterling, *Macropolitics. International Relations in a Global Society* (New York: Alfred A. Knopf, 1974), p. 471. Other contenders for the title include coal, textiles, and ship-building.

[1199] "EC-Canada Collaboration on Steel Research," *European Community* (Ottawa), Press Release, NR(79)5, 1 February 1979.

[1200] For examples see *Hansard*, 23 November 1979, p. 1656 where the Member for Timmins-Chapleau, Roy Chenier complains that non-metrified imports are effectively penalized in the EC market. Opposition thrust was not always consistent, though. Traditionalists voiced the concern that most of Canada's trade, after all, is with non-metric countries, and Mr Huntington in fact precipitated a non-confidence motion on the subject, ibid, 10 June 1980, p. 1950. The usual government rejoinder maintains that metrification is quite advanced even in the US and that in fact non-conversion may penalize Canadian products in markets such as the EC, ibid, 16 May 1980, p. 1186.

[1201] JCC, "Third Meeting. Report," p. 8.

To the extent that these activities require a thorough comparing of notes, they acquaint both partners with each other's policies, regulations, and general structure of the business environment. Most obviously this will put officials in a better position to effectively dispense information if and when it is solicited from the private sector. From the perspective of international interdependence it carries added significance. Three basic strategies are open to governments to handle interdependence. First, they may give in to domestic demands and retreat into protectionism by imposing tariffs and/or quotas, discriminatory product standards, subsidies, tight controls on foreign investments, and a host of other unsavoury measures. While all governments use some of those for most of the time, general consensus leans towards their elimination. Second, governments may tacitly admit to international interdependence by implementing home policies with an eye to avoiding distorting effects in other countries (i.e. abstain from "exporting" inflation or unemployment) and by means of automatic balancing mechanisms in the international capital market and free-floating exchange rates adjust the international environment to accommodate optimally a maximum of national autonomy. Such "negative" management of interdependence has been the prevalent mode since World War Two. Third, national political autonomy may be reconciled to an increasingly internationalized economic system through systematic international co-operative efforts involving exchanges of information, regular consultation, the harmonization and deliberate adjustment of policies as well as, in the long run, possibly economic and monetary union. This, of course, describes all regional integrative ventures, but also underpins catchphrases *a la* "locomotive theory."[1203] The contractual link must be slotted squarely in this last category, described as "positive" management of interdependence, by its authors' intent as much as by necessity. The intent emerges clearly from the Framework Agreement's objectives, outlined by Ambassador Cadieux *inter alia* as bringing "international economic relations into closer alignment with our national goals" in the long term and employing insights into

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[1202] For more information on the marriage bureau's operations consult Catherine de Valois, "Le bureau de rapprochement des entreprises," *Revue du marche commun* 19:196 (May 1976), pp. 264-7. Its original brief did not extend beyond the Community proper.

[1203] These strategies are detailed by Douglass, "National Interests," passim and his "Co-ordinating Economic Policies," passim.

"problems affecting industrial performance" in order to "assist us in formulating government policies and programmes to benefit Canadian industry, particularly through the development of sector strategies."[1204] Necessity was injected through the multinational corporations, their investments and joint ventures, over which adequate control can only be exercised by a co-ordinated fiscal and economic policy framework.[1205] One expert strongly recommended such a harmonization as the seminal task during the first five years of the Framework Agreement's fulfillment.[1206] Two complicating factors intervene here.

On the Canadian side, the means requisite for the realization of the Third Option had been demarcated much less sharply than its targets. This may spare the Third Option the inexorable fate of dogmatically rigid manifestoes, but it does little to pilot implementation. A search in Mr Sharp's paper for the policy instruments to be utilized encounters a combination of internal and external components. Home policy was to contribute to the promotion of a balanced, efficient, and internationally competitive Canadian economy by way of comprehensive long range planning. A more activist government must marshal the gamut of policy tools at its disposal: "[f]iscal policy, monetary policy, the tariff, the rules of competition, government procurement, foreign investment regulations, science policy may all have to be brought to bear on the objectives associated with this option."[1207] Bracketing out the Export Development Corporation which has been presented as just the sort of means for Canada to successfully meet the challenge of an expanded European Community,[1208] commentators from the ranks of the Opposition,[1209] academe,[1210] and journalism,[1211] in their most damning critiques, invariably impugned precisely the absence of a sound economic strategy as a fundament for functioning diversification. What steps were taken advancing the Third Option by tightening Canadian control over the economy--including FIRA, Petrocan, Bill C-58[1212]--were not *ipso facto* a boon to Canada-EC relations. FIRA in particular has ruffled European feathers. Established by the November 1973 Foreign Investment Review Act, the Agency must screen proposed foreign placements under the amorphous criterion of "benefit to Canada,"[1213] usually understood in Europe as directed primarily against US investors.[1214] This was apparently confirmed by initial trends which have not, however, held up, causing in some years a higher ratio of non-American applications to be disallowed than US ones.[1215] Nigh every conversation with European businessmen eventually turns to this subject, baffled as they are by the lacking transparency of the Agency's operations, incomprehensibly disallowing in one instance the German takeover of two British-controlled Toronto companies.[1216] By the same token, however fair the price, puzzlement ensued over Ottawa's launching its ill-advised Canadianization of the petroleum industry by buying out a Belgian company, Petrofina--one must assume on the grounds of the stupendous threat to Canada's national identity posed by Belgium--and eyeing a French firm next. Such *faux pas* cannot but harden suspicions that economic nationalism rather than diversification determine Ottawa's decision, even if one grants that the restrictively anti-American reading of the Third Option by many Europeans was quite misplaced.[1217]

[1204] Cadieux, "Prospects Excellent," pp. 6-7.

[1205] For the transnational role of multinationals see for instance E. Hugh Roach, "In Defence of Multinationals: The Myths, the Realities and the Future," *Behind the Headlines* 33:5 (February 1977), who quotes Carl Beigie to the extent that multinationals represent "a force towards greater coordination of international politics," p. 20. See also John K. Galbraith, "The Defence of the Mutinational Company," *Atlantic Community Quarterly* 16:2 (Summer 1978), pp. 193-207, who is greatly pained by the multinationals' inept (self-)defence. Enlightening also is Elliott R. Goodman, "The Impact of the Multinational Enterprise Upon the Atlantic Community," *Atlantic Community Quarterly* 10:3 (Fall 1972), p. 3, though it focuses primarily on US-European interactions, and Maxime A. Crener and Georges M. Henault, "Le role paradoxal des entreprises transnationales dans une ere de tensions protectionistes," *Etudes internationales* 8:4 (December 1977), pp. 618-29.

[1206] Valaskakis, "Reflexions preliminaires," in Lalande, *Relations exterieures*, p. 65.

[1207] Sharp, "Options," p. 18.

[1208] *Hansard*, 9 February 1971, p. 3226.

[1209] For three instances out of a multitude see Mr Stanfield's parliamentary interventions, *Hansard*, 9 October 1970, p. 29 and 14 September 1971, p. 7748, as well as Mr Allenbrack, ibid, 29 July 1975, p. 8059.

[1210] For example Lyon and Tomlin, *Canada as an International Actor*, p. 131.

[1211] Such as John Hays, "Quest for a Foreign Policy," *Maclean's*, 26 January 1981.

[1212] See Gottlieb and Kinsman, "Reviving the Third Option," p. 4. Bill C-58 deals with the economic facets of the media industry.

[1213] For details see Canada, Foreign Investment Review Agency, *Selected Readings in Canadian Legislation Affecting Foreign Investment in Canada. Part I: Federal Laws and Regulations as of October 1977* (FIRA Papers No. 2, December 1977).

[1214] See for instance PE 44/310, p. 10.

[1215] See von Riekhoff, "Third Option," p. 99.

[1216] See *International Canada* 11:2 (February 1980), p. 27. FIRA, though, must not be made the sole scapegoat. Despite this deplorable incident, European investors are doing well in Canada and, as will be shown *infra*, increasingly so. Several other deterrent factors ranked at least as highly as FIRA, among them the now defunct wage and price controls, strikes, and the greater attraction to European investors of the US. See also Norman Webster, "Foreign Investors and Us," *Globe and Mail*, 30 August 1976.

[1217] The role of the Canadianization policy and its effects on the Third Option in general and Canada's relations with the EC in particular would make a fascinating study in its own right. Given that key components of the Canadianization policy, such as the National Energy Program postdate the time-frame of this study, however, they can be mentioned only *en passant*.

As for the European Community, its heterogeneous rule-making structure stands in the way of policy co-ordination. Although characteristically overstating the case substantially, the tenor of John Holmes' dreadfully mixed metaphors that "[o]ne of the major problems of the counterweight policy on its main salient is that the European Community is neither fish, flesh, nor fowl and therefore very hard to waltz with"[1218] conveys an important truth. Collective EC policy-making on key economic areas is as yet severely circumscribed, irrespective of the myriad Community regulations superimposed upon national legislation in the Member States. These divided competencies must needs continue until full economic and monetary union will finally be achieved, sadly some while in the future given the lentitude with which the common monetary policy unfolds--and occasionally refolds.

Any unqualified evaluation of Canada's diversification attempts in the European direction at this juncture would be foolhardy, to say the least. Economic relations between Canada and the EC are influenced decisively by the international system. In that respect, the Framework Agreement saw the light of day at a singularly unfelicitous moment. Europe found herself in throes of a progressive economic crisis riding roughshod even over conservative economic forecasts.[1219] Mr Jamieson's preliminary evaluation of the contractual link's instruments after one year as "worthwhile" was married to the subdued optimism which in politicians often signifies resignation to defeat:

> There have been some slight improvements in terms of the economic relationship between Canada and the Community, but I think it is reasonable to expect that any subtstantial increase in trade must await the resurgence or the reactivation of the economies of the Western European countries .... I am thinking of steel, as just one example for Germany and for the United Kingdom, but there are many more. Therefore, as long as that condition continues to exist, it is not very likely--nor indeed is it possible--for them in many instances to increase substantially their imports from Canada.[1220]

Not exculpating Canadian entrepreneurs here, the Secretary of State for External Affairs then incanted exhortations for greater Canadian initiative as a partial palliative. Furthermore, adjustments to economic patterns of the magnitude implied by the Third

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[1218] John W. Holmes, *Canada: A Middle-Aged Power* (Toronto: McClelland and Stewart Limited, 1976), p. 175.

[1219] See for instance Hyman Solomon, "Scant Help for Us from E.C.," *Financial Post*, 13 November 1976.

[1220] *Hansard*, 19 December 1977, p. 1996. Mr Jamieson made the same point to the Empire Club in 1978, see Don Jamieson, "Canadian Foreign Policy: A 1978 Perspective. A Speech by the Secretary of State for External Affairs, the Honourable Don Jamieson, to the Empire Club, Toronto, March 21, 1978," S/S 78/2, p. 4.

Option, in the words of two scholars, "are never easy to make (even if they are in the long-term interest of the country's own citizens) and always come about with a considerable time-lag." To go by their subsidiary hypothesis, things look especially bleak for Canada and the Community because the "more governments are involved in these adjustments, the greater the time-lag usually is."[1221] The two to three years' gestation period projected by official prognoses,[1222] then, underestimated the task at hand. It goes without saying also that whether either the Third Option in general or the contractual link in particular have contributed meaningfully to Canada-EC relations can not conclusively be determined since to control for their existence is patently impossible. Nor is the picture a conclusive one.

The structure of Canada's exports to Europe has undergone change in the 1970s. Although some primary products, mainly woodpulp and ores, have gained substantially, manufactured goods, among them ships and boats as well as telecommunications equipment, have made inroads. As a group, Canadian end products increased at a slower pace since 1970 than total EC manufactured imports. Canadian imports from the EC, by contrast, have always been more diversified with well over one half accounted for by finished products which displayed varying trends and market shares. But while dollar values, aided by real increases in exchanges and inflation, show healthy improvements, Canada's positive balance of trade with the Nine has never been in serious jeopardy--from 1979 to 1980 it more than doubled,[1223] though this was exceptional. Proportionately, however, the EC keeps falling behind. Exports to the Nine having started the decade at over 16 per cent, hovered temporarily about 12.5 per cent in the mid-1970s to descend steadily until a trough was reached in 1978. From 1979 to 1980 they have grown, largely at the expense of the United States, from 11.1 back to 12.5 per cent.[1224] The import side of the ledger experienced ups and downs as well from under 6 per cent in 1970 to an apex (for this decade) of 10.6 per cent in 1973, plummeting well below 9 per cent by 1976 and to 8 per cent in 1980. Among industrialized countries, the winner was Japan while the American share declined marginally.[1225] Tempting though it must be, the Member for Calgary South Harvey Andre's dismissal of the contractual link as a failure is nonetheless as suspect as his dating the Framework Agreement to 1973.[1226] Measured against Mr Sharp's prediction in 1972 that "our trade with the United States is [not] going to decline. Indeed, I expect that it will go on increasing.... But, as a percentage I expect it will go down,"[1227] appraisal at this juncture leans ever so slightly to the positive side.

[1221] Ernst H. van der Beugel and Max Kohnstamm, "Western Europe and America in the Seventies," *Atlantic Community Quarterly* 10:3 (Fall 1972), p. 302.

[1222] See the reply to M. Couste's question in the European Parliament regarding steps towards the implementation of the Canada-EC accord, *Official Journal*, C 237/10, 17 November 1977.

[1223] According the Canada's EC Mission, it jumped from 1.6 to 3.9 million dollars.

[1224] Over the same period, Japan dropped from 6.3 to 5.7 per cent, the US from 67.9 to 63.7 per cent of total Canadian exports.

Shifting from the macro to the micro level, Canadian-European economic and commercial relations evidence changes, but it is again impossible to attribute them conclusively to either the Third Option or the Framework Agreement beyond observing that activity has been stepped up in those sectors singled out for special attention by the contractual link. Many a ball has indubitably been set rolling through the exertions of Eurocrats and their Canadian colleagues, without them being kept *au courant* of their eventual paths. Bringing together executives from both shores of the Atlantic cannot but have sown seeds destined to bear fruit at a later date. Joint ventures, for instance, likely to grow into a dominant mode in Canada-EC economic intercourse,[1228] will rarely attract the publicity accorded the very first under the Framework Agreement by Bombardier MLW of Montreal with Italy's Grandi Motori Trieste for the production and marketing of diesel engines[1229] or those noteworthy for their gargantuan dimensions as the collaboration of Consolidated Bathurst with Wiggins Teape for 150,000 tons of newsprint, about one half of Britain's entire current output.[1230] Still, for the time being, non-commital official assessments imprecisely lauding "a considerable increase in contacts at all levels ... particularly in the areas given priority by the work programme"[1231] insinuate an unexpectedly modest engagement by the private sector. Circumstantially the Commission's programme for 1978 confirmed this impression by expressing, merely two years after its inception, the need to "give fresh impetus" to activities under the Framework Agreement.[1232] Whereas public corporations might conceivably be employed as pace-setters, it is provocative to note that Petrocan's interest in North Sea oil to date seems focused to the Norwegian (and hence non-EC) sector.[1233] The one known joint venture between the crown corporation and a European firm, Elf-Aquitaine, was to explore for oil offshore China, expecting to sell the exploration results to the Peking regime.[1234]

[1225] Source for the data in this paragraph was the *Trade Flows* study and the Mission of Canada to the EC.
[1226] *Hansard*, 14 July 1980, p. 2862.
[1227] *Senate Hearings*, 21 March 1972, p. 2:9.
[1228] See Frank Swedlove, "The Joint Venture Alternative For Investing in Canada," *Foreign Investment Review* 1:2 (Winter 1977-78), pp. 16-8.
[1229] See Thomas Land, "First Venture Under Our EC Agreement," *Financial Post*, 4 December 1976. Of course; it was not the first joint venture ever of a European and Canadian firm.
[1230] See "Enter a Foreign Giant," *The Economist*, 16 February 1980.
[1231] Commission, *Eleventh General Report 1977*, pt. 547, p. 264.

Unhappily, this is consistent with Ottawa's determination to disprove in deed the "dirigism" implied by its words.[1235] That reluctance can be ascribed neither to a hostile undercurrent of public opinion[1236] nor to any shortage of trump cards held by a Canadian Government resolved on structural changes and geographic re-orientation of Canada's trade. Government purchases, a well-worn instrument of economic protectionism, comes to mind with two pertinent examples in aeronautics. Here, if anywhere, surely Commissioner Davignon's dictum applies that "Europe could provide an alternative, giving Canada a much-needed lever against dealing with the Americans."[1237] Through a combination of state-of-the-art technics and aggressive marketing practices, the Americans are juggernaut in aircraft and space technology.[1238] It would thus appear to be a prime aspirant for diversification, the more so since both Canada and Europe possess struggling aircraft industries. Certainly, the possibility has been pursued on occasion, as in Canadian association with European space programmes.[1239] The halcyon days of TCA's "all-turbine fleet" composed overwhelmingly of British aeroplanes supplemented by the long-range US-built DC-8 were followed by the *Caravelle* debacle alluded to in Chapter Four above, and there have been no major European fleet purchases since. Canada vigorously pushes the STOL *Dash 7* and the advanced Canadair *Challenger* aircraft in Europe, sometimes at the highest level,[1240] with moderate success in direct competition with US and European manufacturers. In return, the Commission thought of an acquisition by Canada's national airline of the superlative A-300 *Airbus*, demonstrated in Canada as early as 1973,[1241] as a benchmark for Canadian determination to diversify.[1242] Even a personal intervention with Mr Trudeau, who favoured the purchase, by French President Giscard D'Estaing could not avert the disappointment of Air Canada's order--with approval of the Conservative administration--going to Boeing's 767 in October 1979.[1243] Canadian Pacific Airways followed suit and little credit is due the Federal Government for Edmonton-based Wardair's deciding on A-300s.

[1232] European Communities, Commission, *Programme for the Commission for 1978* (Luxembourg: Office for Official Publications of the European Communities, 1978), pt. 117, p. 50. Note also that in 1979 and 1980 Canada appears in the Commission's programme only as a target country for the EC's effort to secure uranium supplies (pts. 54 and 99, pp. 35 and 47 in 1979, pts. 98 and 156, pp. 38 and 51 in 1980), while the 1981 programme fails to mention Canada at all.

[1233] Jeff Carruthers, "Petrocan Accepts Role in North Sea Oil Plans," *Globe and Mail*, 31 March 1979.

[1234] *International Canada* 10:7-8 (July-August 1979), p. 168.

[1235] This point was cast into very sharp relief by Britain's forthright High Commissioner to Canada, Sir John Ford, in his presentation "Canada: The European Option," at the University of Alberta, Edmonton, 28 September 1979.

[1236] If anything, Canadians gave the impression in polls to be quite prepared to undertake extra efforts to decrease US economic hegemony. Towards the end of the decade, though, support for the Third Option seemed to wane. See Keenleyside, LeDuc and Murray, "Public Opinion," p. 22. Queried whether the Canadian Governmnet was right in seeking "to strengthen links with the European Common Market," a staggering 86 per cent replied in the affirmative. See Isabelle Lavergnas-Gremy and Rene Lescop-Beaudouin, *L'Europe vue du Canada. Rapport d'analyse d'un sondage d'opinion publique effectue au cours des mois de mai et juin 1976* (Montreal: University of Montreal, 1976), p. 61.

[1237] Mr Davignon in an interview granted Peter Lewis, "Marketing a Lever Against Monopoly," *Maclean's*, 6 October 1980.

[1238] An illustrative and relevant instance is in fact the European *Airbus'* struggle to break into a previously all-American wide-bodied jet monopoly. The story is well told by Jean-Pierre Quittard, *Airbus ou la volonte europeenne* (Paris: Editions France-Empire, 1979).

When the Canadian Air Force accepted tenders for a new fighter aircraft (NFA), the Europeans were in for a repeat performance. Aside from US weapons systems, PANAVIA's versatile *Tornado* and Dassault's futuristic *Mirage 2000* met Canada's specifications. Dassault eventually withdrew its bid, unable to meet the early delivery date--ironic in view of the eventual winner's delays caused by technical troubles--and because France's "offset package" was expected to be unsatisfactory.[1244] PANAVIA's entry, however, was very favourably reported on[1245] but, according to the Minister of Supply and Services, lost out when the manufacturer could not meet immediately

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[1239] See C.M. Drury, "International Aspects of Possible Future Canadian Participation in Space Programmes. An Address by the Honourable C.M. Drury, President of the Treasury Board, to the Canadian Aeronautics and Space Congress and Exposition, Montreal, November 17, 1970," S/S 70/20.

[1240] See *International Canada*, 6:5 (May 1975), p. 153.

[1241] Quittard, *Airbus*, p. 146.

[1242] Conversations, Brussels, Spring 1978.

[1243] See "Air Canada and CP's Deregulated Dogfight," *Canadian Business*, October 1979, p. 56, "Air Canada Ready to Order 767 After Behind-the-Scenes Struggle," *Globe and Mail*, 3 July 1979, and "The Fear of Flying Empty Seats," *Maclean's* 23 July 1979.

[1244] See *Hansard*, 26 October 1977, p. 294.

[1245] For example Peter Lewis, "The Deal That Might Have Been," *Maclean's*, 17 December 1979.

Ottawa's fleet requirements.[1246] Allegedly Chancellor Schmidt personally pleaded vainly on the *Tornado's* behalf (this was later denied).[1247]

Both in the case of the A-300 and the *Tornado* the observer is struck by the virtual absence of diversification considerations put forward. Neither purchase need have remained a one-shot deal because aircraft require spare parts, presenting possibilities for joint ventures as advocated by the Framework Agreement. For instance, CAE Electronics of Toronto obtained a thirty-two million dollar contract from Germany "to develop and manufacture five flight-simulators" for the *Tornado*,[1248] a detail that went largely unmentioned. More comprehensive offset terms by the Americans, facilitated by their already strong penetration of the Canadian industry, might have been compensated for politically through diversificatory effects of European acquisitions. That these opportunities were not grasped lends credence to one analysis which assigns diversification eleventh place on the list of Canadian foreign policy priorities.[1249] So little inclination to shoulder the considerable "costs" of diversification towards the EC suggested by Professor Pentland[1250] is scarcely the stuff of "dirigist" economic policy. Nor did it advance Canada's cause in Europe. The sober phrases of the JCC report that despite "serious efforts ... undertaken to develop sales and industrial cooperation in this sector, penetration of the respective markets with regards to major projects, such as the European *Tornado* or *Airbus* or the Canadian *Dash 7* have not resulted in opportunities in the area of licensed production,"[1251] barely dissimulate the disappointment. The projected installation of production facilities in Montreal by a French light aircraft manufacturer, Pierre Robin, proved a small palliative.[1252] On the whole, Europeans saw their reluctantly shed notions of Canada as the US "industrial hinterland" re-confirmed. "There were two good chances in the aviation sector and they were passed up. If there really was a European option, that was the time to show it," observed a disillusioned Eurocrat.[1253]

[1246] *Hansard*, 8 February 1979, p. 3027.

[1247] See *Hansard*, 21 November 1978, p. 1327, and 5 February 1979, p. 2879. Since Herr Schmidt's and his successor as Minister of Defence, Herr Apel's mismanagement are largely responsible for the interceptor's skyrocketing costs, the intervention was credible since the ensuing larger production run would have reduced per unit cost and with it political embarrassment.

[1248] *International Canada* 10:4 (April 1979), p. 113.

[1249] Lyon and Tomlin, *Canada as an International Actor*, p. 54.

[1250] "Clearly such a strategy would have considerable costs, at least initially. ... [I]t would clearly imply a major reorientation of Canada's economic priorities, if only to make its exports more attratcive to a somewhat indifferent Community. The Community can be expected to exact a stiff price, although at the same time it ought to recognize an interest in preventing the economic fortification of North America that would only result from Canadian-American integration." Pentland, "Canadian Dilemma," p. 207.

[1251] JCC, "Third Meeting. Report," p. 4.

[1252] "Avions," *L'Express* 3 March 1979. Production was scheduled to begin in 1980.

Keohane and Nye's grudging admission that "[d]istance is not entirely an illusion,"[1254] then, coupled to the prevailing poor international trading environment should lead to the promotion of investments as the single most excellent avenue for economic diversification. Eighty per cent of all foreign capital in Canada is American, and US multinationals control not just individual firms but entire industrial branches in Canada, a main wellspring of the intimate North American integration. Unlike previous British placements, composed overwhelmingly of portfolio investments and debt securities,

> American emphasis on direct investment is of immense economic and political significance. With respect to the former, the motivation is largely financial. Also, ... management and control continue to rest with the borrower (at least in the Canadian experience); the liabilities incurred can be liquidated through repayment. The motivation behind direct investment and the possession of subsidiaries or branch plants, on the other hand, is primarily the acquisition of control over national resources, assets, markets. What is desired by the firm is a permanent position in that foreign economy. As a consequence, even though mutual economic benefit may result, direct investments create economic and political relations of a lasting and significant character....[1255]

Thus, while Europe must obviously not become a second United States, a wider spread of financial sources, barring indigenous ability to raise such funds, would all at once reduce American hegemony *and* propel interdependence with third countries *and* supply necessary capital. The Nine, moreover, were an obvious alternative to the US. Collectively, they already provided 80 per cent of all non-American foreign investments in Canada, but this does hardly translate into a dominant position. It amounts to a comparatively miniscule 15 per cent of total placements in Canada, but not a negligible foothold here. European investors' patent predilection for the US does not detract from Canada's inherent attractiveness as a host country and may even add to it. Orenstein and Koppel's takeover of the Dundas facilities, which admittedly preceded the Framework Agreement by some two years, was motivated by the proximity to the United States as an "in" to that market but also by abundant and cheap energy resources, political stability, and acceptable labour costs.[1256] This last factor may surprise at first blush, but it must be borne in mind that Germany's average industrial pay-rate of DM 13.36 per hour (DM 13.16 in the US) is catapulted to an uncompetitive 23.40 by the subsidiary contributions exacted by an hydrocephalic social-welfare system (in the US to DM 18.23).[1257] The ascendancy of European multinationals should also work to Canada's advantage. One study found the European multinational companies more numerous, (4,534 against 2,570) and more "dynamic" (49,256 as against 24,177 foreign bonds) than their US brethren, with 173 dealing in twenty different countries as opposed to 113 Americans.[1258] Relevant to Canadian economic nationalists, Professor Valaskakis then maintains that being on the average smaller than US corporations, European multinationals pose a less serious threat to their host countries' national identities. Perhaps deliberately, this overlooks that since 1959, American corporations have been losing ground to European and Japanese contenders in the top fifteen slots of key sectors.[1259]

[1253] Cit. in David Fouquet, "Trade Pact With Europe a Flop, But Hope Lives On," *Financial Post*, 28 July 1979. Similar sentiments were expressed in Canada by Robert Lewis, "Backstage Ottawa: A Small Voice Among Big Brothers," *Maclean's*, 14 July 1980.

[1254] Keohane and Nye, *Power and Interdependence*, p. 178.

[1255] Robert Gilpin, "Integration and Disintegration on the North American Continent," *International Organization* 28:4 (Autumn 1974), p. 860.

Because reliable recent investment data reaches only to 1975, conclusions in that respect remain tentative. On the Canadian side, subsidiaries of multinationals have predictably been rarely transformed into vehicles to invade the European theatre.[1260] Mainly US or British owned, the mother corporations saw little grounds to enter the EC by detour. American firms in particular have crossed the falling internal barriers of the Common Market skillfully and to good effect--notably more inventively, in fact than their more parochial and traditional European competitors, much to Jean-Jacques Servan-Schreiber's chagrin.[1261] Canadian-incorporated companies did place capital in Europe,[1262] and Canada's burgeoning merchant banks expanded abroad vigorously enough for one parliamentarian to demand a stop be put to their substantial European operations as contributory to inflation.[1263] From 1965 to 1975, European investments in Canada have relatively outgrown not only British (83 per cent growth rate) but also US (124 per cent) investments with their 184 per cent growth rate. The figures must be placed in the perspective of their respective equivalents from 1955 to 1965 (128/116/248) as well as 1945 to 1955 (156/183/432), indicating a relative European downward slide, even if British capital growth rates were included in the European data.[1264] Still, European placements in Canada may confidently be predicted to rise and relatively to outpace the US. Their pattern now is closer to the "American" model of direct investments, however, rather than the (from the Canadian point of view) less offensive British-type portfolio investments. Despite the lower volume of European capital compared to American inflow, they are logging important inroads in many sectors, with a heavy concentration in industrial products like cement (by now all but entirely a European preserve), machines and heavy equipment. Psychologically, this may work to European investors' disadvantage when their applications are measured against the standard of "benefit to Canada." Needless to add, the primary sector also exerts a strong attraction especially (though not exclusively) to European energy-related companies with public participation (BP, Shell,

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[1256] See Alan Darisse, "O & K. Orenstein and Koppel: A Case Study," *Foreign Investment Review* 3:2 (Spring 1980), pp. 15-7.

[1257] "Was kostet die Stunde?" *Die Zeit* (Canada ed.), 26 June 1981. Only Belgium and Sweden surpass Germany, while Canada does not rate in the top twelve according to this list.

[1258] Valaskakis, "L'Option Europe," p. 548.

[1259] See Geoffrey Carroll, "The Multinational Myth. Americans Are Paying the Price," *Europe* (Washington) 220 (July-August 1980), pp. 27-8. In 1960, *merchant banking* was the preserve of the US, the UK (3) and Canadian institutes entirely, Canada holding seventh, eleventh, and twelfth place. In 1978, only three American banks placed in the first fifteen, compared to four French, two German, and five Japanes banks. In *metals manufacturing*, only two Germans (sixth and twelfth) qualified in 1959 and one British firm; nineteen years thereafter, just five Americans shared the spotlight with two Germans, one British, French, and Dutch each, and four Japanese. Regarding *food products*, Unilever's number one spot remained uncontested, but in 1959 eleven other companies were American, one Swiss, and one Canadian (tenth-placed Canada Packers). By 1978, ten US corporations still placed, but none in the top three, with a French and a Japanese concern occupying fourteenth and seventh place. *Aerospace* shows shifts in the relative positions of US manufacturers, who shared the first thirteen ranks in 1959 with three British makers. In 1978 the nine Americans were still dominant over one British and two French corporations. *Pharmaceuticals* shows Germany continuing in slots one and two, but aside from a Swiss challenger in 1959 (sixth) all remaining fimrs in the largest twelve were American. Nineteen years later, seven Americans place, none better than fourth, against two Germans and three Swiss. Finally, regarding *chemicals*, the biggest twelve in 1959 were led by a US firm with six other Americans qualifying, as did one British, three Germans, and one Italian. In 1978, three Germans led the pack, while four US companies faced the competition also of one corporation each of British, Italian, French, Swiss, and Dutch nationality.

[1260] See Senate *Report*, p. 18.

[1261] See Jean-Jacques Servan-Schreiber, *Le defi americain* (Paris: Denoel, 1967), passim.

[1262] For a selected list of the larger Canadian enterprises with holdings in Europe see *Senate Hearings*, 23 May 1972, p. 3:19-21. Some prominent names inlcude Alcan Aluminum Limited, Bombardier Limited, Canada Packers, Consolidated Bathurst, Seagrams, MacMillan Bloedel Limited, and Massey Ferguson.

[1263] The Member for Don Valley, Mr Gillies, in *Hansard*, 21 October 1974, p. 550 and 24 October 1974, pp. 694-5. Mr Turner reminded the MP that Canada "also benefits from the foreign operations," this country now being endowed with "the third largest banking system." Mr Turner's criteria would be interestesting in light of the fact that no Canadian institute qualified for Carroll's list.

[1264] See Gilles Gratton, "West European Investments in Canada," *Foreign Investment Review* 2:1 (Spring 1979), p. 12.

Elf-Aquitaine, ENI, Seru Nucleaire, Uranerzbergbau), and one fifth of European investments are destined for the financial sector.[1265]

Neither the Federal Government in Canada nor the Community in Europe can boast exclusive jurisdiction in matters economic. Ambassador Cadieux's likening the role to be assumed by the provinces under the Framework Agreement to that of EC Member States,[1266] though less than palatable to Canada's constitutional purist, is not entirely far-fetched in practice. It is, moreover, a comparison which Quebec observers have found appealing.[1267] Bearing in mind provincial capabilities to sabotage Canada's federal system by trade impediments such as discriminatory practices by their liquor control boards, marketing boards or government procurements,[1268] their co-operation was indispensable for the Framework Agreement's success. Ottawa duly courted provincial company upon entering the "unmapped territory" with the EC:

> [W]e are also very much aware that effective implementation of the agreement will often require involvement and co-operation of our provincial governments. This is something we shall want to ensure and we shall, of course, make appropriate arrangements to associate our provincial authorities in the process of implementation. Our provinces, I am pleased to say, have expressed keen interest in support for Federal Government initiatives in Europe. This applies particularly to what is envisaged under the Canada-Community agreement.[1269]

Some provinces eagerly assumed transgovernmental and transnational parts in excess of mere attendance at consultative fora established between Ottawa and Brussels and, hand in hand therewith, meetings of provincial delegations with EC officials.

No novelty, provincial activity in the guise of premiers' visits accompanied by trade missions have been endorsed vividly as adding "further momentum to the development of closer Canada-Community relations."[1270] The premiers or cabinet members of British Columbia, Alberta, Saskatchewan, Ontario, New Bruswick and Quebec have all been received at Commission headquarters, always bent to enhance their province's prestige and to drum up business, but as a rule supportive of the contractual link and habitually with the blessing and logistical back-up of the Department of External Affairs. An outstanding success was Premier Lougheed's impressively funded voyage, in September 1975, at the head of eighty cabinet ministers, oil excutives, businessmen, agricultural experts, labour and professional representatives as well as academics, which did much to put little-known but energy-rich Alberta on the European map--not only because its Premier was deemed by *Le Figaro* to resemble movie idol Robert Redford.[1271] Quebec, not surprisingly, has in the past acted as the outrider in continental Europe for other provinces and the federal government alike. Apart from its close bilateral relations with the premier francophone nation inclusive of mechanisms not dissimilar to those instituted by sovereign states like the Permanent Commission for Franco-Quebec Co-operation,[1272] it is Europe's most important provincial commercial partner.[1273] Hence, Quebec most energetically availed itself of the opportunities open to provinces under the Framework Agreement, so forcefully indeed as to spark a solid row with the Federal Government over the question of provincial attendance at Industrial Sub-committee meetings. Tabling pertinent Quebec-Ottawa correspondence in the National Assembly, Claude Morin charged the Federal Government with dragging its feet on the realization of provincial participation in the Framework Agreement's fulfillment,[1274] culminating in the province manoeuvering for its own "framework agreement" with the EC.[1275] Since then a *modus vivendi* has been worked out, attested to among others by the trilateral collaboration between Ottawa, Quebec, and Brussels in the organization of a world symposium on asbestos to be held in May of 1982.[1276] It might be noted *en passant* at this juncture that this author parts ways with the gloomy view taken by most observers of the *independantiste* PQ Government as positing an impediment to rapid and thoroughgoing development co-operation pursuant to the contractual link.[1277] Eurocrats perceived even the proposed sovereignty-association as impinging upon EC-Canada relations primarily by sapping Canadian interest and political resources from foreign affairs. They were confident in the future collaboration, trilaterally. European sub-state units, with the visit to Canada in February 1980 of Lower Saxony's Finance Minister Walter Leisler Kiep[1278] the rare exception confirming the rule, are much less active *vis-a-vis* Canada or the Framework Agreement, just as the flow of touring mayors is unidirectional from Canada to Europe.[1279]

[1265] Figures from ibid, passim.

[1266] Cadieux, "The Contractual Link: Why and How?" S/S 76/33, p. 5.

[1267] See for instance Paul Painchaud, "Le role international du Quebec: possibilites et contraintes," *Etudes internationales* 8:2 (June 1977), p. 378.

[1268] D.S. Macdonald identified this partial list as one "area of difficulty" in trade relations with the EC, *Hansard*, 17 May 1977, p. 5734. Discriminatory practices by liquor boards were a particular thorn in the EC side. One of this author's first tasks as an Administrative Intern with the Commission was the compilation of a comprehensive report thereon.

[1269] Don Jamieson, "Canada and the Community Enter Unmapped Territory. A Statement by the Secretary of State for External Affairs, the Honourable Don Jamieson, On the Occasion of the First Meeting of the Canada/European Communities Joint Co-operation Committee, Brussels, December 10, 1976," S/S 76/30, p. 3.

[1270] Senate *Report*, p. 16.

[1271] Detailed in Allan Hustak, *Peter Lougheed. A Biography* (Toronto: McClelland and Stewart, 1979), p. 201f.

[1272] See CIIA *Monthly Report* 8:11 (November 1969), p. 312.

[1273] See Jean Cermiakian, "Les echanges commerciaux entre le Canada et la CEE," *Canadian Geographer* 16:2 (Summer 1972), p. 120, and Paul Pilisi, "Le Canada et la Communaute europeenne elargie," *Revue du marche commun* 167 (August-September 1973), p. 308, and Nadeau, "L'Accord cadre," passim.

[1274] See "Chronicle of Delay Released by P.Q.," *Globe and Mail*, 28 July 1977 and "Des documents temoignent d'un desaccord avec Ottawa dans les rapports du Quebec avec la CEE," *La Presse* 28 July 1977.

[1275] See "Il faut un accord Quebec-CEE selon Jacques-Yvan Morin," *Le Devoir*, 16 March 1977.

[1276] See "Trilateral Press Communique. World Symposium on Asbestos," *European Community* (Ottawa) News Release NR(81)05, 22 April 1981.

D. Conclusion

From the perspective of complex interdependence the Trudeau era in Canada-European Community relations qualifies simultaneously as the most encouraging yet the most enigmatic. Of Keohane and Nye's definitional triad, absence of hierarchy of issues, multiple channels of access, and abstention from grossly harmful threats, the second condition was most definitely met during the Trudeau years. As one scholar exclaimed, "[t]here can be no mistaking the explosion of diplomatic and other official activity directed at forging mutual ties."[1280] That explosion's centre of impact was indeed located squarely in the transgovernmental sector. Here institutionalized consultative bodies such as the JCC with its subordinate committees and the semi-annuals, the proliferating less formal working groups struck on an *ad hoc* basis to tackle specific problem areas, irregular meetings of experts and officials, more frequent and direct communications between Commission and Canadian officials, and transgovernmental alliances in Canada-EC relations increasingly resemble that prototypical transgovernmental dyad, Canada and the United States. Needless to add, the actual volume and intensity of interactions between the latter has not yet been approached by Canada and the Community, nor does it appear likely to ascend to that level in the foreseeable future.

[1277] For two instances see Boardman, "Canada and the Community," p. 402, and Alain-Marie Carron, "Le Canada compte sur l'aide de la France pour developper ses relations avec la Commnaute europeenne," *Le Monde*, 13 May 1977.

[1278] *International Canada* 11:2 (February 1980), p.27. Herr Kiep's membership on the board of one of Canada's major banks injects an added element of transnationalism.

[1279] See *International Canada* 10:6 (June 1979), p. 154 and 11:5 (May 1980), p. 104.

[1280] Gerald Wright, "Europe: Policy Planning on a Seesaw," *International Journal* 33:2 (Spring 1978), p. 392.

Transnational linkages since 1970 have developed less well, though strides have been made by comparison to previous periods. There is some documented evidence of transatlantic interest-group activity. Also, business contacts, albeit disheartening to the architects of the Framework Agreement, have multiplied, indubitably aided by prodding from governmental and EC authorities respectively. Still, obvious opportunites have been wasted and private sector response can best be described as moderate. Measured against the Third Option's transnational objective as explicated by the Prime Minister to three European journalists, the creation of counterweights through "a very simple strategy of creating other channels of interest rather than the automatic, easy, north-south, Canada-US ones,"[128] it is only too tempting to do away with the contractual link to Europe as a failure. That, however, would be patently unfair. Without succumbing to exaggerated hopes stemming from the meandering recovery of the international economic system, the inevitable renewed interest in foreign investment and trade cannot but concurrently provide a new co-operative impetus to the Framework Agreement as well as benefit from its institutional structure. That Ottawa has not turned its back on the US and embraced the Community with equal fervour must not detract from the Framework Agreement (whose utility far from exhausts itself in the implementation of the Third Option): that was never the intent underlying the Third Option. Attributable to the contractual link or not, itself an exercise in transgovernmentalism, new contacts have been established between Canadian and European actors--many antedating the Framework Agreement, to be sure--and, while as yet far from rivalling those between Canada and the United States, European investment and joint ventures can confidently be predicted to rise. Nor need one despair at this stage. Only a long-term evaluation will ultimately do this ambitious project justice. One authority draws comfort from the American experience:

> When the United States declared their independence in 1776, a short-term cost-benefit analysis would surely have indicated that choosing independence was a grave mistake. The American economy depended exclusively on the English economy. There existed almost no transport infrastructure and commercial links between the thirteen colonies were nonexistent. Independence was a *structural* change and aimed at changing the *status quo*. Today, one can assume that few Americans regret the choice of 1776 even if, at the time, the costs appeared enormous and the benefits illusory, at least

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[128] Pierre Elliott Trudeau in an interview with three European journalists on 21 February 1975, PMO Transcript as rendered in Radwanski, *Trudeau*, pp. 184-5.

in the immediate future.[1282]

The analogy, of course, is a tenuous one. Not to put too fine a point on it, the differential in political will between the United States in 1776 and Canada two centuries thereafter is striking. In the Canada-EC case, the wish rather than necessity fathered the thought of structural changes but was unequalled by the political will even where it might appropriately have been exercised. There, however, lies the crux of the matter: "[t]he future of interdependence among industrial countries ... lies open. It is likely to be determined by the structure of political co-operation among states."[1283] While governments must not presume to make private sector decisions nor to directly influence them unduly, they could clear the way for more transnationalism *inter alia* by harmonizing policies, thereby rendering business environments rather more similar and reassuring to notoriously conservative executive decision-makers.

No hierarchy of issues was superimposed upon Canada-EC relations throughout the Trudeau era, and certainly not security considerations. Admittedly, Canada's NATO review fiasco affected relations with Europe, but despite an implicit linkage established by certain Member States, it never dominated interchanges with the Community proper to which it was but vicariously related. Nor, in an era of "detente," did any external security threat act as a catalyst bonding the North Atlantic community more tightly. As for the energy crisis, it was more of an incentive for Europe to tighten relations with Canada than vice versa. Once Ottawa's ambivalence towards the alliance, in any event probably more apparent than real, was overcome, security in a military sense faded as a relevant issue altogether. Other issues were basically dealt with free of rank order and it is noteworthy from the perspective of Keohane and Nye's analytical framework that with the contractual link in place, in itself easily the primordial point at issue between Canada and the European Communities throughout the 1970s, the dyad was marked by an increasingly routine handling of a series of mundane and technically specific questions such as import quotas on footwear. That great bugbear of transatlantic relations, the CAP, was addressed chiefly in multilateral fora though Canada's new conduits into the Community's decision-making processes may prove most useful if and when the CAP comes in for a thorough overhaul. Contrary to the hue and cry raised over it in the past, though, agricultural questions have not, despite repeated Canadian moaning, precluded co-operation in other areas or made these contingent upon the resolution of agricultural disagreements. Sir Roy Dennan's remark, directed mainly at the United States, that "[w]e are both in the business--on both sides of the Atlantic--of damage limitation"[1284] may indicate why such a deleterious linkage was abstained from.

[1282] Valaskakis, "L'Option Europe," p. 542. Emphasis provided. Translation this author's.
[1283] R. Rosecrance *et al*, "Whither Interdependence?" *International Organization* 31:3 (Summer 1977), p. 443.

Linkages *per se* were not unknown in Canada-EC relations. Both sides introduced them, Canada more successfully than the Europeans. While the implicit linkage of Canada's NATO contribution and the contractual link may be said to have been resolved in the Europeans' favour, it would be an exaggeration to attribute the Framework Agreement thereto. Canada's explicit nexus between access to raw materials and the conclusion of a treaty reminiscent of former Prime Minister Pearson's dictum, "[i]f obligations and resources are to be shared, it is obvious that some sort of constitutional machinery must be established under which each participating country will have a fair share in determining the policies which will affect all,"[1285] likely encouraged the Europeans considerably more. To the extent that the Framework Agreement was signed, it can be said to have been a successful linkage. Interestingly, when the tables were turned in the Danish episode, threatening to make any treaty conditional upon terms similar to the IEA's long Term Programme's Point 5, the nexus was eventually withdrawn. One wonders whether Canada's devotion to the accord would have withstood vigorous European pressure on this count.

The preceding moves the discussion in the direction of grossly harmful threats, involving the play on vulnerabilities. Here the student of Canada-EC relations enters the domain least in harmony with Keohane and Nye's postulates. As the preceding paragraph suggests, the two parties' respective economic assets, notwithstanding Canada's high degree of industrialization, pits them against each other in the positions of raw materials producer and consumer with the concomitant diametrically opposed interests. Given Ottawa's Canadianization policy on the one hand and the desire to export the highest processed goods as the quintessence of "benefit to Canada" on the other, this was fecund soil for contention, especially in the uranium sector. With nigh one third of uranium processed in the EC to generate electricity originating in Canada,[1286] the Canadian embargo was nothing short of grossly harmful, coming at a time when nuclear power was rightly seen as the most promising way to alleviate Europe's energy crisis. Whereas such negotiations from strength may recommend themselves to Canadian nationalists, to advertise them as "a strategy for interdependence"[1287] is, to put it mildly, misleading. For one, a combination of external factors, domestic pressure, and unexpectedly unified Euratom position rendered Ottawa's whip hand unexpectedly ineffectual. It definitely runs counter to the tenets of complex interdependence. Canada's temporary retrogression in the Realist direction--for as such it was received in Europe--was the more futile since it achieved neither Ottawa's safeguards objective nor did it bolster shaky European confidence in the Framework Agreement's feasibility. The emphasis put on energy questions in the Canada-EC consultative mechanisms must thus be directed at repairing damage which could have been avoided without difficulty.

[1284] Cit. in David Fouquet and Patricia Anderson, "Trade Conflicts Boiling Over," *Financial Post*, 8 March 1980. Sir Roy is Director General for External Affairs with the Commission.

[1285] Lester B. Pearson in his political maiden speech in September 1948, in his *Mike. The Memoirs of the Right Honourable Lester B. Pearson*, Vol. 2, *1948-1957*, John A. Munroe and Alex I. Inglis eds., (Toronto: University of Toronto Press, 1973), p. 67.

In conclusion, then, there is no denying that Canada-Community interactions in the Trudeau era have taken a distinct turn towards what Keohane and Nye would recognize as complex interdependence. To maintain that such a regime has been obtained, however, can not be supported by the evidence. By the same token, the pace of activity between Canada and the EC has been stepped up well beyond that prevalent under Mr Diefenbaker or Mr Pearson. This warrants classifying the dyad as in a transitional phase. A concerted effort by all actors involved helped by an upswing in the world economy will nevertheless be required to exit the current relatively stagnant state. In the interest of a more objective assessment, not only by practitioners but by academics and journalists alike, this author is inclined to agree with the present Head of Canada's Mission to the European Communities that the demise of the value and emotion-laden "Third Option" and "contractual link" vocabulary, a rhetoric apt to give rise to excessive expectations, need not be deplored.[1288]

[1286] See "Canada's Terms on Uranium Use Get EEC Backing," *Globe and Mail*, 21 December 1977.

[1287] As have Andre Dirlik and Tom Sawyer, "Strategy for Interdependence: A Common Market With the U.S.," *International Perspectives* (March/April 1976), esp. pp. 47 and 49.

[1288] See Richard Tait, "Canada and the European Communities. A Speech by Mr Richard Tait, Head of Mission, Canadian Mission to the European Communities, to the Ontario Chamber of Commerce, Toronto, October 24, 1979," S/S 79/19, pp. 5-6.

VII. Conclusion

Foreign policy, after all, is merely domestic policy with its hat on. The donning of some head-gear, and going outside, doesn't alter our nature, our strength, and our quality very much. If we are weak and timid and disunited and jumpy at home, we will be the same way away from home. Canada's foreign policy, in so far as it is Canadian policy at all, is in fact largely the consequence of domestic factors ....

– Lester B. Pearson

Elaborating upon Canadian policy towards the European Community, Ambassador James Langley maintained:

> Links with the Community have developed *steadily* from the early days, when our day-to-day business was handled by one or two officers attached to the Canadian Embassy in Belgium and contacts at the political level were rare, to the present situation where Canada has a separate mission to the Communities and a system of regular meetings between ministers and their Commission counterparts is in effect.[1289]

Close scrutiny of unfolding Canada-EC relations far from bears out the Ambassador's adverb "steadily." On the contrary, Canada and the European Community vascillated jerkily along a wide range of responses. The original non-committal attitude marked by obligatory but often flatulent rhetoric eulogizing European integration not un-mixed with doubts as to the effects on Canada and the upbeat note of the Canada-Euratom Framework Agreement was followed by the nadir resulting from Canada's histrionics during Great Britain's first hapless adhesion bid. Reversion to a broad philosophic sympathy coupled to political neglect of the EC allowed for future *rapprochement*, anticipated by the gathering momentum of Canadian activity *vis-a-vis* the EC sparked by the full implementation of the Community's common external tariff. But clouds were also gathering on the horizon of Canada-EC nuclear relations with the stiffening of Canada's uranium export conditions beginning in the mid-1960s. The most extensive leap forward to date--and liklely to remain so in the foreseeable future--was achieved through a contractual link between Canada and the Community. Most recently the switches apparently have been set for smoother co-operation along the nuclear track. What conclusions, then, can be drawn from this checkered record in light of the themes struck in the Introduction?

[1289] James C. Langley, "Canada's Dialogue With the EEC: Problems of Making It Effective," *International Perspectives* (January-February 1974), p. 31. Emphasis added.

Three phases have been identified in the introductory Chapter as Canada moved out from under British foreign political tutelage and into the mighty United States' hegemonial orbit. A fourth phase would have set in, this author proposed, if the EC had begun to function as a counterbalance if not equipoise to the US. This situation has not obtained. Mr Diefenbaker appealed nostalgically to Britain and the Commonwealth in a no doubt sincere yet misguided effort at partial economic diversification away from the southern behemoth. This policy grew into a dogma to the detriment of theoretically more promising strategies designed to put the combined economic prowess of an enlarged European Community onto the scales against the United States. Domestically a charismatic visionary, the "Chief" suffered from myopia in things external. In practice, the constellation of Franco-British discord would easily have negated de Gaulle and Diefenbaker's shared distrust of the United States while the intimate EC-US bonds would have overshadowed the comparatively minuscule EC-Canadian exchanges, even if multiplied by British accession. What is more, Prime Minister Diefenbaker was unable to effect a significant diversion of Canadian economic interests away from the US to the United Kingdom, both familiar and anglophone business environments. John Diefenbaker had not seen fit to take the pains of establishing either the absorptive capacity of the UK market--presumably very low at the time--or the preferences of even the Tory Party's own business cohorts. The central objective was to revive the Commonwealth as a focus of Canada's external economic relations rather than to canvass operative counterweights. It is even less probable that Prime Minister Diefenbaker could have proselytised the relatively uncharted and polyglot European Community with equal, much less greater, success than the United Kingdom. Nor was this ever attempted. But economically the rapid take-off by the EEC experiment ought to have suggested *it* as a logical and promising partner for Mr Diefenbaker's limited prototype of the Third Option. Somehow he never managed to regard the European Community, enlarged by Great Britain, as offering Canada the best of both worlds, that of traditional bonds to Britain as well as that of the new Atlantic reality.

Far less convinced than Mr Diefenbaker of the deleterious effects on this country of the continental symbiosis, Lester B. Pearson's intellectually more ambitious scheme typically aimed less at disintegrating Canada and the US than at ensconcing both in a wider North Atlantic Community including the UK and the Six. Such idealistic propositions in international politics, however well intentioned, find themselves at the mercy of a usually less than accommodating external and domestic environment. Like President John F. Kennedy's stillborn "Grand Design," which had hinged on an optimistically expected merger of Great Britain into the European Community, Mr Pearson's plan ran afoul of British-Franco-European conflict as a derivative of Franco-American emnity. Besides, the seeming thaw in the Cold War started indirectly by the Cuban Missile Crisis rendered the climate inclement to any vast international integrative moves. Within the Pearson governments, the notably conventional approach to foreign policy espoused by Secretary of State for External Affairs Martin, whom the Prime Minister left something of a free hand, coincided with intra-administration discord. Domestic political crises and a leadership style by Lester B. Pearson ever procrastinating in search of the lowest common denominator--exacerbated by the bane of successive minority governments--precluded a more active, positive approach to the EC. Many a position espoused by Mr Pearson in Opposition, at times not wholeheartedly embraced by other Liberals, must be discarded as impractical government policy.

By character and *Weltanschauung* least inclined to play "the boring second fiddle in the American symphony," to quote Soviet Foreign Minister Gromyko's undiplomatic aphorism,[1290] Pierre Elliott Trudeau of the three prime ministers covered in this study initiated policies most attuned to bringing about a fourth phase. Canadian-American complex interdependence is to be counterbalanced through greater interdependence with third parties, notably the European Community. But the Third Option was not designed to disintegrate the North American condominium and has not resulted in signal shifts away from the United States, not even proportionately, in those areas uppermost on Canadian patriots' agendas, economics and culture. In terms of the Third Option policy, moreover, the currently accelarated Canadianization programmes may prove infelicitous. This is not to say that diversification and Canadianization intrinsically run at crosspurposes. To this author's mind, a quasi-autarchist Canadianization policy, precipitating as it must stupenduous short and medium-term drains of capital to say nothing of psychological effects on Canada's international partners, not merely the United States--ostensibly the prime addressee--is singularly ill-conceived. Nevertheless, it might arguably go hand in hand with and complement diversification through inroads into American holdings here. Canadianization must needs hammer nails into the coffin of an already ailing diversification policy, though, whenever it turns against economic counterweights already in place, for instance European multinationals taking on their American competitors.

[1290] Cit. by Robert Lewis, "Here We Go Again," *Maclean's*, 24 December 1979.

Wielded as a partisan political slogan, the notion of diversification likely inflated expectations. One need not posit an irrevocable North American continentalist economic imperative to grant that the reasons for and the extent of Canada-United States interdependence are less than amenable to any quick fix so as to score domestic political/electoral points. If economic diversification as a foreign political objective is understood as going beyond the improbable diversion from the American neighbour--as the Third Option certainly was--then it must be accepted as a long-range strategy. The groundwork can, nay must, be laid now, and Chapter Six demonstrated that in the special example of the European Community, the 1976 Framework Agreement proved a useful beginning. Concrete economic results will likely have to await an upswing in world economic cycle. By itself, to be sure, that upswing is not to be presented here as the panacea. Canadian (and European) businessmen and entrepreneurs will indubitably continue to require convincing and encouragement from Canadian officials and Eurocrats. Yet given a climate of international economic optimism and expansion, co-ordinated policies as well as more intimate working relationships fostered by the contractual link may well facilitate taking advantage of new economic and commercial opportunities. More compatible domestic economic strategies might also evolve in the interim. In this sense, work on the Third Option continues, notwithstanding its fading from the official vocabulary.[1291]

[1291] On this see Alan Gotlieb and Jeremy Kinsman, "Reviving the Third Option," *International Perspectives* (January-February 1981), p. 3. While Gotlieb and Kinsman note that the Third Option "is not the basis for Canada seeking closer relation with Europe--these are merited on their own," their line of argument leads them to posit the

[1291] Certainly, an improved international economic environment would diminish the protectionist temptation to which all North Atlantic partners now yield only too readily to a greater or lesser extent.

The probe for a fourth phase in Canadian foreign policy, therefore, still yields an equivocal negative. With enlargement of the European Community from Six to Nine (most recently Ten) the mantle of Britain's countervailing role to the US in the North Atlantic triangle has passed to the Community as a whole, if only because the United Kingdom itself could no longer fill it. Contrary to Mr Diefenbaker, Prime Minister Trudeau has grasped this. Britain's effectiveness as a counterweight to the United States has for some time been questionable economically and chiefly symbolic politically. Canada may exercise her political freedom of movement, of which she has offered several convincing examples during Mr Trudeau's prime ministership, by aligning herself *inter alia* with NATO's Eurogroup, vehemently critical at times of Washington. These are domains for the time being at least outside Community competency, although Canada-EC interactions might occasionally serve as an indirect mode of contact with the Member States (and vice versa). To expect the EC to supplant Britain as a counterwight to the US in issues of "high politics"--despite the graduation of matters economic into that realm--is, to say the least, premature.

Shifting now from these wider historical considerations towards specifics of Canada-EC relations permits more positive conclusions. This study posited that between 1958 and 1980 the Canada-European Community dyad underwent a change of regime, a regime being defined as the rules of the game by which decision-makers abide deliberately for the regulation and control of their interactions. Canada-European Community relations were hypothesised to have developed towards Keohane and Nye's concept of "complex interdependence," indentifiable by the absence of an issue hierarchy, abstinence from grossly harmful threats, and the existence of multiple channels of access linking the parties. The analytical framework was retooled somewhat. From its stipulation that an international regime represents a deliberate construct by the decision-makers involved, this author derived the Prime Minister as a key explanatory factor. The treatment of the European Community by Ottawa, from this perspective, was anticipated to vary with the men holding Canada's most powerful political office.

[1291](cont'd)Third World as the true partner in future Canadian diversification.

Little needs to be added at this juncture concerning the changing regime governing Canada-Community interactions. As the concluding sections of the preceding three Chapters have indicated, the regime evolved from something more akin to Realist conditions during the Diefenbaker era. Bracketing out the exceptional case of Euratom, with which the Conservative government engaged in a short-lived bout of intensified co-operation in the expectation of securing an inlet into the vastly overestimated European uranium market, Canada-EC relations suffered from Canadian threats in commercial and security, i.e. alliance, areas meant to exploit European vulnerabilities and sensibilities. A hierarchy of issues, albeit dominated by Commonwealth rather than defence concerns, further marred the relationship, bringing forth European antipathy towards Canada. Direct contacts between Canadian officials and their analogues representing the Community (as opposed to the Member States) were few and far between with no attempt to extend beyond the accepted orthodoxies of international intercourse. International organizations provided the most frequent fora, but Mr Diefenbaker's policies there were directed mainly at the individual European states, not the Six *qua* Community.

The frequency of predominantly commercial and economic exchanges increased during the Liberal governments led by Lester B. Pearson. This could scarcely be credited to premeditation on either Brussels' or Ottawa's part and must consequently be interpreted as a function mainly of the general growing together which has marked post-World War Two North Atlantic trading relations. However, with the "Chief" went a discernable hierarchy of issues between Canada and the European Community. What is more, though diplomatic contacts, particularly within multilateral fora, a favourite locus for thrashing out economic issues with the European Community by all Canadian governments surveyed in these pages, were not always friendly during the Pearson years, the necessity of dealing with the Community as an entity came to be acknowledged. This recognition, spurred by advancing European integration, was logically accompanied by renewed emphasis on direct interactions through the Brussels Embassy, the more so as the completion of the CET upgraded Community participation in and responsibility for European international commercial relations. At the outset of the

1970s, still only five out of seventeen Canadian diplomatic officers stationed in the Belgian capital held a partial or full EC brief.[1292] Aside from an apparently rather off-the-cuff remark by Prime Minister Pearson irritated by French Atlantic bad form in the wake of General de Gaulle's withdrawal from NATO's integrated command structure, the Pearson governments refrained from any futile threatening postures even with respect to the United Kingdom's second adhesion bid. While this regime of largely benign neglect does not qualify as complex interdependence, neither does it resemble Realist conditions.

The first visit to the Community's headquarters in 1970 by a Canadian cabinet minister commenced a period of more prolific interactions and familiarity punctuated by the institution of semi-annual consultations and culminating in the 1976 Framework Agreement. With it multiplied the structural arrangements for deliberations and collaboration between Canadian civil servants and Eurocrats in legion committees and *ad hoc* working groups. Diplomatic relations were quite demonstratively placed on a separate footing by severing the officers responsible for Community affairs from the Brussels mission. Their numbers were increased and a separate Embassy (physically still housed in the same Rue Loxum edifice, to be sure), with its own ambassador, was established. The EC returned the compliment by opening a delegation in a Sparks Street high rise in Ottawa. Such official activities, furthermore, were advertised as designed for the opening of other, non-governmental access channels, *inter alia* by devices such as the so-called "marriage bureau." But the seventies also witnessed considerable conflict between Canada and the European Community. While disagreements *per se* do not disqualify a dyad from complex interdependence--to wit Canadian-American relations, the archetypical complex interdependence situation--issue linkages involving the defence sector together with the Canadian uranium embargo were inconsonant with Keohane and Nye's stipulated conditions. The nuclear embargo especially, playing on European energy vulnerability, must be singled out as detrimental to a complex interdependence regime. On the other hand, most recently such threats have proven more notable for their absence, and at no time during Prime Minister Trudeau's tenure were they geared towards an articulated hierarchy of issues. At the end of the period under consideration in this study,

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[1292] Figure given in Peter C. Dobell, *Canada's Search New Roles. Foreign Policy in the Trudeau Era* (London: Oxford University Press, 1972), p. 93.

Canada-EC relations definitely approximate a regime of complex interdependence far more than Realism. They still fall short of full-fledged complex interdependence (as typified by Canadian-US relations), but it must be born in mind that Messrs. Keohane and Nye proffer complex interdependence as an ideal type and hence unlikely ever to be perfectly realized.

This study's avowed objective was an analytical history of Canada-European Community relations, not a test of Professors Keohane and Nye's framework. Nevertheless, a few remarks impose themselves on complex interdependence as an analytical tool and the utility of injecting the role of the prime minister as a variable. Application of the complex interdependence framework as presented in *Power and Interdependence* suffers from two noteworthy drawbacks. First, whereas the characteristics defining a complexly interdependent dyad are detailed at some length, the authors fail to inform the reader where the thresholds lie for multiple channels of access, nor do they offer a measuring rod by which to relate "multiplicity" to "paucity." Comparing and contrasting American-Canadian relations with those between the US and Australia evidences both more access channels and higher frequency of contact in the former. But the pivotal difference appears to derive not from the mere *quantitative* interactions count redolent of Deutsch's communications approaches to international relations, but the *qualitative* distinction of greater familiarity, telephone conversations placed directly by officials and businessmen to their analogues north and south of the longest undefended border respectively, while more formal and traditional modes preponderate in Australian-American relations. Correspondingly, communications and exchanges connecting Canada with the European Community began to resemble, albeit not achieve the same intensity, the North American prototype of complex interdependence only during the last period, that of Pierre Elliott Trudeau's prime ministership. As shown above, this stemmed from a deliberate policy of that government in quest of diversification. To no small degree, environmental conditions contributed, changing Canadian-American relations and the enlargment of the European Community most prominent among them. But to the extent that the former partially was caused by the new prime minister's idiosyncracies and international operational code demanding the search for political counterweights, a personality factor entered the equation.

Second, cause and effect are singularly indistiguishable in Keohane and Nye's complex interdependence framework. In so far as cause and effect are rarely ever perfectly traceable in matters social and political, not to mention the ubiquitous host of causal occurences, which reduce the analyst more often than not to identifying the precipitating events, and their intermeshing with miscellaneous effects, this is not a shortcoming unique to *Power and Interdependence*. Quite on the contrary, it speaks for an analytical framework if it shuns neat (frequently to allow quantification) explanatory syllogisms more given to producing intellectually aesthetic if simplistic argumentation rather than advancing the understanding of the situation under examination. But Keohane and Nye leave the reader in doubt whether a world growing ever more interdependent following, presumably, objective laws of international economics moves, if not forces, political decision-makers to articulate and implement a "new regime," or, whether the desire of politicians to arrive at a more mutully beneficial regime, that is complex interdependence, is a source of advancing interdependence among international actors. Both readings are plausible. While both positions may not only carry validity, but likely mutually reinforce each other, this author leans towards the latter. But such confusion detracts from the framework's utility as an instrument for analysis, even at the comparatively low theoretical level of a "checklist" propounded in Chapter Two. Again, the rider injected according to which international regimes constitute premeditated constructs willed by the foreign political decision-makers pointed towards assigning a starring role to these individuals rather than relegating them to the supporting cast to which they are condemned when the framework is kept exclusively at the systemic realm inhabited by *Power and Interdependence*. Stressing the roles of the central political figures, therefore, added focus to the framework. The evidence deployed in Chapters Four through Six, anticipitated to a somewhat lesser extent in the historical background Chapter, underlines the divergent styles brought to Canada-Community relations, most concisely summarized as hostility, sympathetic disregard, and deliberate courting. Deriving from the respective prime minister's attitude to world affairs generally and the North Atlantic region especially, Canada-EC relations can be fully understood only by assigning the Prime Ministers a weighty position as a variable in the analysis.

Finally, what conclusions impose themselves concerning Canada's relationship with the European Community most generally? If diversification continues as a foreign policy priority in Ottawa, an assumption open to query, and if, moreover, the EC retains its position as a preferred counterweight,[1293] which would require intensification of Canadian–European Community relations, then a concerted effort must be undertaken. Past experience scarcely indicates autonomous momentum ineluctably driving the two North Atlantic partners into deeper interdependence. A second observation cautions against exaggerated expectations. As the perspicacious Lester B. Pearson once noted, Canadians must not be "so naive to think that we could decisively, even importantly, influence the policies of the great powers, but I hoped we could influence the environment in which they were pursued."[1294] The contractual link with the European Community, while inspired by notions of formatively partaking in the shaping of progressing European integration, represents first and foremost a potentially advantageous adjustment to Canada's North Atlantic environment by installing the requisite political structures to maintain and operate a regime approaching complex interdependence. The most fundamental task facing Canadian and EC authorities remains to work towards overcoming the inertia of their private sectors and their relative ignorance of each other and prevalent business conditions. European and Canadian entrepreneurs and investors share a pronounced preference for the lucrative United States market and require mutual introduction. Having acted as the midwives of the Framework Agreement, the government of Canada and, though to a lesser extent, the Commission of the European Community, have hesitated to administer the nigh inevitable life-giving clap to prod the "natural implementors" of the contractual link. The Third Option with its European corollary entails a definite *dirigiste* intent: "The Third Option, so sensible, so necessary, so obvious, is an attempt to secure the triumph of politics over geography,"[1295] and one feels compelled to append economics to that exclamation. Notwithstanding its Liberal nomer, the governing party's ongoing Canadianization policy bespeaks few qualms regarding economic dirigism. European observers are still awaiting a coherent Canadian industrial strategy and an indication that economic diversification is not now relegated to mere dressing in the foreign policy window. The *Airbus* and *Tornado* episodes have not convinced Eurocrats or EC businessmen of Ottawa's willingness to pay the necessary economic price exacted by such a policy. But the Europeans must harbour no doubts as to the Canadian government's readiness to pay the political price. Prime Minister Trudeau's steadfastness in the face of American remonstrances following Canada's New Energy Policy attests to that.

[1293] *A priori* this assumption can no longer be made. While the Pacific Rim has disappointed as a counterweight in the early 1970s, this does not rule out more satisfactory performance at a later date. For example, in 1978 the United States' total trade with East Asia exceeded total trade with Western Europe, and Asia was gaining further ground according to the authoritative London *Economist*. See "Go Further West, Young Man," *The Economist*, 1 December 1979. Canada might conceivably follow suit. At the time of writing, however, Europe appears to maintain its role, though diversification *per se* no longer enjoyed its earlier paramountcy as a Canadian foreign policy goal.

[1294] Lester B. Pearson, *Mike. The Memoirs of the Right Honourable Lester B. Pearson*, Vol. II, *1948-1957*, John A. Munro and Alex I. Inglis eds., (Toronto: University of Toronto Press, 1973), p. 35.

Tangible demonstrations of continuing interest in the EC connection are imperative to maintain, let alone step up, the momentum of Canadian-European interdependence. Supplies and processing of raw materials, not the least among them uranium, leap to mind. The (at the time of writing) imminent renegotiated permanent Canada-Euratom framework agreement may turn out a milestone here. In spite of the histrionics by well-meaning but usually ill-informed "reflex liberals" with their habitual cohorts of social cranks which currently cast the shape of Europe's nuclear future in abeyance, Europe has few alternatives to nuclear power. They will slow but not halt the necesary erection of power plants. A region with limited natural gas and hydroelectricity and a pattern of hydrocarbon use for electricity generation cannot but accelerate the pace of the *total* civilian nuclear complex inclusive of such volcanic issues as nuclear waste disposal and reprocessing. Canada-EC atomic interactions have suffered since the mid-1960s from the self-righteous control/end use demands emanating from Ottawa at which the Europeans have drawn the line. There is, on the whole, no reason justifying the assumption that Canada is notably more responsible about things nuclear than her closest allies and trading partners. Far from encouraging recklessness, more exchanges between Canada and Europe, who enjoy great complementarity, would enhance mutual understanding and problem-solving ability far beyond what one country may hope to achieve through upping the prohibitive ante and schoolmasterly wagging the index. Canada remains an attractive nuclear partner to western Europe, but she no longer dominates the market. Surely this offers further incentive for collaboration on both sides.

[1295] Robert Bothwell, "'The Canadian Connection': Canada and Europe," in Norman Hillmer and Garth Stevenson (eds.), *A Foremost Nation. Canadian Foreign Policy and a Changing World* (Toronto: McClelland and Stewart, 1977), p. 35.

On the most general plane, the primary short and medium term functions of the Commission and Canadian government agencies are--and ought to be--education and information, supplemented by the co-ordination and matching of policies as well as regulations. Thereby the respective "domestic" environments of both Canada and the EC could be rendered considerably more accommodating, since less "foreign" and more predictable, to exchanges chiefly, though not exclusively, in the business domain. This is not to posit that familiarity will automatically breed interactions. Furthermore, whether or not one approves of economic dirigism by governments, such interventionist rhetoric certainly accompanied the Third Option but, as regards the EC, has not surfaced in policy. Granting the undesirability--and impossibility--of governments artificially creating commercial and economic interests, this should not prevent Ottawa and the Commission from collaborating in dismantling legislative and other government-induced disincentives. Investments open one promising avenue in Canada-European Community relations. Europeans appear, on the whole, more willing to place funds in Canada, admittedly sometimes with an eye to the nearby American market as much as the Canadian, than vice versa. Government encouragement by means of tax write-offs, for instance, and rendering mechanisms such as the Federal Investment Review Agency more transparent could go a long way towards making Canada more inviting. Such a course must be predicated on the desire to reduce United States economic hegemony more than economic nationalism, though. Remarkable technical breakthroughs and skills achieved by Canadians in some domains, for instance telecommunications, outstrip those of either the US or the EC and present strong incentive for co-operation. Just like many Americans and, for that matter, Canadians, Europeans fail at times to distinguish between "Canadianization" and "nationalization," the latter not generically part and parcel of the former. Europeans may require reassurances also.

In the early and mid 1970s Canada has shown imagination and invested much energy in forging its unique contractual link with the European Community, above and beyond her bilateral relations with the EC's Member States as two complementary conduits into Europe. They have not thus far been employed to their fullest potential nor have they achieved their avowed objective. Concluding, it seems appropriate to cite Commission President Roy Jenkins who, referring to European integration proper, exhorted European parliamentarians that commitment is the essence of future progress rather than "sterile blueprints of exact forms of political organization at which we shall ultimately arrive. It will not, in my view, be something which can be found in the traditional textbooks of political science."[1296] The same applies to Canada-EC relations.

[1296] Cit. in "European Parliament Chooses Simone Veil as President," *European Community* (Ottawa), 18 July 1979, 27 (79) NR.

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Appendix

A. The Framework Agreement

FRAMEWORK AGREEMENT
for Commercial and Economic Cooperation Between the European Communities and Canada

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

on behalf of the European Economic Community, and

THE COMMISSION OF THE EUROPEAN COMMUNITIES,

on behalf of the European Atomic Energy Community,

of the one part, and

THE GOVERNMENT OF CANADA,

of the other part,

INSPIRED by the common heritage, special affinity and shared aspirations which unite the countries of the European Communities and Canada;

RECOGNIZING that the European Communities and Canada desire to establish a direct link with each other which will support, complement and extend cooperation between the Member States of the European Communities and Canada;

RESOLVED to consolidate, deepen and diversify their commercial and economic relations to the full extent of their growing capacity to meet each other's requirements on the basis of mutual benefit;

CONSCIOUS of the already substantial flow of trade between the European Communities and Canada;

MINDFUL that the more dynamic trade relationship which both the European Communities and Canada desire calls for close cooperation across the whole range of commercial and economic endeavour;

PERSUADED that such cooperation should be realised in evolutionary and pragmatic fashion, as their policies develop;

DESIRING furthermore to strengthen their relations and to contribute together to international economic cooperation;

HAVE DECIDED to conclude a Framework Agreement for commercial and economic cooperation between the European Economic Community and the European Atomic Energy Community, of the one part, and Canada, of the other part; and to this end have designated as their Plenipotentiaries:

THE COUNCIL AND THE COMMISSION OF THE EUROPEAN COMMUNITIES:

Max van der STOEL,
President of the Council,
Minister of Foreign Affairs of the Kingdom of the Netherlands;

Sir Christopher SOAMES,
Vice-President of the Commission of the European Communities;

THE GOVERNMENT OF CANADA

The Hon. Allan J. MAC EACHEAN,
Secretary of State for External Affairs;

WHO, having exchanged their Full Powers, found in good and due form,

HAVE AGREED AS FOLLOWS:

ARTICLE I

Most-Favoured-Nation Treatment

In accordance with the rights and obligations under the General Agreement on Tariffs and Trade, the Contracting Parties undertake to accord each other, on an equal and reciprocal basis, most-favoured-nation treatment.

ARTICLE II

Commercial Cooperation

1. The Contracting Parties undertake to promote the development and diversification of their reciprocal commercial exchanges to the highest possible level.

To this end, they shall, in accordance with their respective policies and objectives:

(a) cooperate at the international level and bilaterally in the solution of commercial problems of common interest;

(b) use their best endeavours to grant each other the widest facilities for commercial transactions in which one or the other has an interest;

(c) take fully into account their respective interests and needs regarding access to and further processing of resources.

2. The Contracting Parties shall use their best endeavours to discourage, in conformity with their legislation, restrictions of competition by enterprises of their respective industries, including pricing practices distorting competition.

3. The Contracting Parties agree, upon request, to consult and review these matters in the Joint Cooperation Committee referred to in Article IV.

ARTICLE III

Economic Cooperation

1. The Contracting Parties, in the light of the complementarity of their economies and of their capabilities and long-term economic aspirations, shall foster mutual economic cooperation in all fields deemed suitable by the Contracting Parties. Among the objectives of such cooperation shall be:

- the development and prosperity of their respective industries,
- the encouragement of technological and scientific progress,
- the opening up of new sources of supply and new markets,
- the creation of new employment opportunities,
- the reduction of regional disparities,
- the protection and improvement of the environment,
- generally to contribute to the development of their respective economies and standards of living.

2. As a means to such ends, the Contracting Parties shall as appropriate encourage and facilitate *inter alia*:

- broader inter-corporate links between their respective industries, especially in the form of joint ventures,
- greater participation by their respective firms in the industrial development of the Contracting Parties on mutually advantageous terms,
- increased and mutually beneficial investment,
- technological and scientific exchanges,
- joint operations by their respective firms and organizations in third countries.

3. The Contracting Parties will as appropriate encourage the regular exchange of industrial, agricultural and other information relevant to commercial and economic cooperation as well as the development of contacts and promotion activities between firms and organizations in these areas in the Communities and Canada.

4. Without prejudice to relevant provisions of the Treaties establishing the Communities, the present Agreement and any action taken thereunder shall in no way affect the powers of the Member States of the Communities to undertake bilateral activities with Canada in the field of economic cooperation and to conclude, where appropriate, new economic cooperation agreements with Canada.

ARTICLE IV

Joint Cooperation Committee

A joint Cooperation Committee shall be set up to promote and keep under review the various commercial and economic activities envisaged between the Communities and Canada. Consultations shall be held in the Committee at an appropriate level in order to facilitate the implementation and to further the general aims of the present Agreement. The Committee shall normally meet at least once a year. Special meetings of the Committee shall be held at the request of either Party. Subcommittees shall be constituted where appropriate in order to assist the Committee in the performance of its tasks.

ARTICLE V

Other Agreements

1. Nothing in this Agreement shall affect or impair the rights and obligations of the Contracting Parties under the General Agreement on Tariffs and Trade.

2. To the extent that the provisions of the present Agreement are incompatible with the provisions of the Agreement between the European Atomic Energy Community and Canada of 6 October 1959, the provisions of the present Agreement shall prevail.

3. Subject to the provisions concerning economic cooperation in Article III (4), the provisions of this Agreement shall be substituted for provisions of Agreements concluded between Member States of the Communities and Canada to the extent to which the latter provisions are either incompatible with or identical to the former.

ARTICLE VI

European Coal and Steel Community

A separate Protocol is agreed between the European Coal and Steel Community and its Member States, on the one hand, and Canada, on the other.

ARTICLE VII

Territorial Application

The Agreement shall apply to the territory of Canada and to the territories to which the Treaties establishing the Communities apply, on the conditions laid down in those Treaties.

ARTICLE VIII

Duration

This Agreement shall enter into force on the first day of the month following that during which the Contracting Parties have notified each other of the completion of the procedures necessary for this purpose. It shall be of indefinite duration and may be terminated by either Contracting Party after five years from its entry into force, subject to one year's notice.

ARTICLE IX

Authentic Languages

This Agreement is drawn up in two copies in the Danish, Dutch, English, French, German and Italian languages, each of these texts being equally authentic.

In witness whereof, the undersigned Plenipotentiaries have affixed their signatures below this Framework Agreement.

Done at Ottawa on the sixth day of July in the year one thousand nine hundred and seventy-six.

PROTOCOL
concerning commercial and economic cooperation between the European Coal and Steel Community and Canada

THE COMMISSION OF THE EUROPEAN COMMUNITIES, ON BEHALF OF
THE EUROPEAN COAL AND STEEL COMMUNITY, AND

THE GOVERNMENT OF THE KINGDOM OF BELGIUM,
THE GOVERNMENT OF THE KINGDOM OF DENMARK,
THE GOVERNMENT OF THE FEDERAL REPUBLIC OF GERMANY,
THE GOVERNMENT OF THE FRENCH REPUBLIC,
THE GOVERNMENT OF IRELAND,
THE GOVERNMENT OF THE ITALIAN REPUBLIC,
THE GOVERNMENT OF THE GRAND DUCHY OF LUXEMBOURG,
THE GOVERNMENT OF THE KINGDOM OF THE NETHERLANDS,
THE GOVERNMENT OF THE UNITED KINGDOM AND OF GREAT BRITAIN AND NORTHERN IRELAND,

of the one part, and

THE GOVERNMENT OF CANADA,

of the other part,

HAVE AGREED AS FOLLOWS:

Article 1

The provisions of Articles I to V inclusive of the Framework Agreement for commercial and economic cooperation between the European Communities and Canada, signed in Ottawa on 6 July 1976, shall also apply in the matters covered by the Treaty establishing the European Coal and Steel Community.

Article 2

This Protocol shall apply to the territory of Canada and to the territories to which the Treaty establishing the European Coal and Steel Community applies, on the conditions laid down in that Treaty.

Article 3

This Protocol shall enter into force on the first day of the month following that during which the Contracting Parties have notified each other of the completion of the procedures necessary for this purpose. It shall cease to apply if the Framework Agreement referred to in Article 1 is denounced.

Article 4

This Protocol is drawn up in two copies in the Danish, Dutch, English, French, German and Italian languages, each of these texts being equally authentic.

FINAL ACT

The Plenipotentiaries of the Commission of the European Communities and of the Member States of the European Coal and Steel Community, of the one part, and of Canada, of the other part,

meeting at Brussels, on 26 July 1976, for the purposes of signing the Protocol concerning commercial and economic cooperation between the European Coal and Steel Community and Canada,

have, on signing this Protocol, taken note of the declaration by the Government of the Federal Republic of Germany on the application of the Protocol to Berlin. This declaration is annexed to this Final Act.

Done at Brussels on the twenty-sixth day of July in the year one thousand nine hundred and seventy-six.

Declaration by the Government of the Federal Republic of Germany on the application of the Protocol to Berlin

The Protocol concerning commercial and economic cooperation between the European Coal and Steel Community and Canada shall also apply to Land Berlin provided that no statement to the contrary by the Government of the Federal Republic of Germany is made within three months of the entry into force of the Protocol.

B. A Canada-EC Chronology

1959

June

Visit to Canada of the presidents of the Commissions of the EEC and Euratom as well as the High Authority of the ECSC.

October

Three week tour of the Community and Visit to Brussels By Canada's Deputy Minister of Trade and Commerce, Mr Roberts, and thirteen business leaders from the mines and minerals, pulp and paper, and chemicals sectors for meetings with Community, Member State, industry and union officials.

November

Signature in Brussels of the Agreement on Nuclear Co-operation Between Canada and the European Atomic Energy Community (Euratom).

1960

Accreditation to the Community of the Canadian Ambassador in Belgium, Mr Charles P. Hebert.

1967

September

Visit to Expo and Ottawa by Commission President Jean Rey, accompanied by a group of European Parliamentarians.

1968

June

Canadian Trade Commissioners in Europe convene in Brussels for a two-day conference on the EC and its effects on Canada.

1969

November

Visit to Ottawa of M Deniau, Commissioner responsible for external relations, and first high level working meeting between Canadian officials and Eurocrats.

1970

May

Visit to Ottawa of Mr Sassen, Commissioner responsible for competition policy.

July

Visit to Brussels of Mr Stanfield, Leader of the Progressive Conservative Opposition.

October

Visit to the Commission of Canada's Minister of Industry, Trade and Commerce, Mr Pepin.

November

Visit to Ottawa of Mr Raymond Barre, Commission Vice-President.

December

Visit to the Commission of Canada's Secretary of State for External Affairs, Mr Sharp.

1971

April

Visit to the Commission by Secretary of State for External Affairs Sharp.

September

Visit to Ottawa of Mr Malfatti, Commission President, for talks with Prime Minister Trudeau and cabinet ministers.

December

Visit to the Commission of Secretary of State for External Affairs Sharp.

1972

June

Visit of a Canadian high-level mission to Brussels and all Member State capitals for exploratory talks aimed at a "contractual link."

August

Visit to Ottawa of Mr Dahrendorf, Commissioner responsible for external relations.

September

Visit to the Commission of the Premier and the Minister of Industry and Commerce of Quebec.

October

At their Paris summit the heads of government of the Nine recommend a "constructive dialogue" with Canada among others.

November

The Government of Canada submits an *aide memoire* to the Commission aimed at exploring the form of an accord with the EC.

First round of bilateral consultations in Ottawa between Canada and the Commission.

1973

March

Negotiations commence between Canada and the EC pursuant to GATT Article XXIV:6 following the accession of Great Britain, Ireland, and Denmark to the Community.

Visit to the European Parliament of Senator Aird of the Senate Standing Committee on External Affairs to explore possibilities for regular exchanges of parliamentarians.

April

Exclusive accreditation to the EC of a Canadian Ambassador, Mr J.C. Langley.

May

Visit to the Commission of Canada's Minister of Industry, Trade and Commerce, Mr Gillespie, for talks with members of the Commission.

June

Second round of semi-annual consultations in Brussels.

July

Publication of the Senate Standing Committee on External Affairs' report on the relations between Canada and the EC, recommending a general, non-discriminatory economic co-operation agreement.

September

Visit to the Commission of Canada's Minister of National Revenue, Mr Stanburry.

November

Visit to Ottawa by Sir Christopher Soames, Commission Vice-President, for talks with the Prime Minister and participation at a CIIA colloquium.

Third round of semi-annual consultations held in Ottawa.

Visit to Ottawa of a delegation from the European Parliament and first official meetings with the Senate Standing Committee on Foreign Affairs and the House of Commons Standing Committee on External Affairs and National Defence.

December

Visit to the Commission of Secretary of State for External Affairs Sharp.

1974

March

Visit to the Commission of Mr N. Toupin, Quebec Minister of Agriculture.

April

Second Canadian *aide memoire* towards a commercial accord designed to forge a direct contractual link between Canada and the EC.

Visit to Ottawa of Mr Dahrendorf, Commissioner responsible for external relations.

Visit to the Commission of Mr Bourassa, Premier of Quebec, for talks with the President and other commissioners.

June

Fourth round of semi-annual consultations in Brussels.

October

Visit to Brussels and Paris by Canada's Prime Minister Pierre Elliott Trudeau for talks with the Commission President and heads of government in both capitals.

Commission officials and representatives of Europe's forestry products industry tour Canada for two weeks as the first sectoral mission.

Visit to the Commission of Mr Forget, Quebec Minister of Social Affairs.

November

Visit to Ottawa of Mr Simonet, Commissioner responsible for energy, to meet with Canadian cabinet ministers.

Visit to the European Parliament in Strasbourg of a Canadian parliamentary delegation launches annual interparliamentary meetings.

December

Visit to the Commission of Canadian Secretary of State for External Affairs MacEachen for meetings with Commission Vice-President Sir Christopher Soames.

1975

February

Conclusion of Canada-EC negotiations under GATT Article XXIV:6.

First round of exploratory discussions towards a framework agreement for economic and commercial co-operation.

March

Visit to London, Dublin, The Hague, Bonn, and Rome of Canada's Prime Minister for talks with the respective heads of government.

April

Renegotiations of the 1959 Canada-Euratom treaty open in Brussels.

Second round of exploratory talks between Canada and the Commission held in Brussels.

May

Last round of exploratory talks between Canada and the Commission held in Ottawa.

Commission recommendation to the Council of Ministers concerning directives for the negotiation of a framework agreement on economic and commercial co-operation with Canada.

Visit of Canada's Prime Minister to Copenhagen and Luxembourg and meeting with the Commission President in Brussels.

Visit to Ottawa, Quebec, Toronto, and Kingston of Mr Hillery, Commissioner responsible for social affairs for talks with federal and provincial ministers and officials.

Second EC/Canada sectoral mission (uranium) composed of Eurocrats, industry representatives and Member State civil servants tours Canada for fifteen days.

June

Fifth round of semi-annual consultations held in Ottawa.

First Canadian industrial mission (Guerin Mission) organized by the Department of Industry, Trade and Commerce holds meetings at the Commission and in certain Member States.

September

Third EC/Canada sectoral mission (non-ferrous metals) of Commission and industry representatives tours Canada for ten days.

Second "Guerin Mission" organized by the Department of Industry, Trade and Commerce visits the Commission and certain Member States.

October

Opening in Ottawa of a Commission Delegation.

Visit of a European Parliament delegation to the Canadian Parliament in Ottawa under the auspices of the annual parliamentary exchanges.

Visit of a mission composed of ministers and industry representatives from Alberta headed by Premier Lougheed to the Commission for talks with the President and other commissioners.

November

Canada and the Commission exchange letters relative to co-operation in environmental matters.

Sixth round of semi-annual consultations held in Brussels.

December

Visit to Brussels by Secretary of State for External Affairs MacEachen for encounters with Commission President Ortoli and Commissioner Gundelach, temporarily responsible for external relations.

1976

February

The Council of Minister adopts directives for the negotiation by the Commission of an accord with Canada.

Mr Heidenreich assumes his duties as the first Head of the EC Delegation in Ottawa.

Visit to Ottawa and Montreal by Commission President Ortoli for meetings with His Excellency, the Governor General, the Prime Minister as well as other cabinet ministers and business representatives.

March

Official negotiations towards a framework agreement commence.

April

First round of official negotiations towards a framework agreement.

Visit to Ottawa, Quebec, Alberta and the Northwest Territories of Mr Tindemans and Mr Van Elslande for talks with their Canadian colleagues *inter alia* on the issue of non-discriminatory access to natural resources as well as the question of provincial jurisdictions.

May

Second round of negotiations towards a framework agreement.

Visit to Ottawa and Vancouver of Mr Scarascia-Mugnozza, Commission Vice-President.

June

Negotiations towards the Framework Agreement conclude.

July

Signing in Ottawa of the Framework Agreement on Economic and Commerical Co-operation Between Canada and the European Communities by Sir Christopher Soames and the Honourable Alan J. MacEachen.

September

Resolution of the European Parliament on the current state of economic and commercial relations between the Community and Canada and the Parliament's opinion on the Framework Agreement for Commercial and Economic Co-operation Between Canada and the European Community.

Visit to Montreal, Ottawa, and Toronto of a Commission delegation pertaining to construction questions.

Visit to the Commission of the Leader of the Progressive Conservative Opposition, Mr Clark, for talks with President Ortoli and Vice-President Soames.

Exchange of documents notifying completed ratification procedures for the Framework Agreement.

October

The Framework Agreement enters into force.

Visit to the Commission of an Ontario mission headed by the provincial Minister of Industry and Tourism, Mr Bennett.

December

Eigth round of semi-annual consultations in Brussels.

Mr Ortoli and Secretary of State for External Affairs Jamieson open the first session of the Joint Co-operation Committee.

1977

January

Visit to the Commission of Ambassador Grey, head of the Canadian negotiating team at the MTN in Geneva.

Visit to the Commission of Ontario Agriculture Minister Newman for discussions on the CAP as well as certain specific products including tobacco, vegetables, and dairy products.

February

First session in Brussels of the Sub-committee for Industrial Co-operation.

"Blue Ribbon" mission of Canadian businessmen visits Europe.

Canadian industrial mission on non-ferrous metals tours Europe.

April

Visit to the Commission of Mr Lekborg, Director of the Industrial Development Department, New Brunswick Department of Commerce and Development.

May

Aeronautics working group convenes in Canada.

June

Fifth official encounter of European and Canadian parliamentarians in Ottawa and Toronto.

Ten Canadian parliamentarians visit the Commission.

July

Nineth round of semi-annual consultations held in Ottawa.

Second meeting of the industrial sub-committee.

First Session of the Preparatory and General Co-operation Sub-committttee.

September

Visit to the Commission and some Member States of British Columbia Premier Bennett.

Visit of a Canadian parliamentary delegation including Mr Sharp and Senator Van Roggen to the Commission for talks with Mr Brunner and Commission officials concerned with uranium. Meeting of a European Parliament/Canadian Parliament work group on the same subject.

Visit to the Commission of Mr LeBlanc, Canadian Minister of Fisheries.

Aeronautics working group meets at Jasper and Ottawa.

October

Visit to Brussels of Canada's Public Service Commissioner Miss Szlazak.

Working groups on forestry products and on the trade flows study convene in Ottawa.

Visit to the Commission by Ambassador Warren, Canadian Co-ordinator for the MTN.

November

"Jumbo" mission of Canadian businessmen, provincial officials, and journalists headed by Minister of Industry, Trade and Commerce Horner.

1978

January

Canada-Euratom interim agreement signed.

Tenth round of semi-annual consultations and sub-committee meetings held in Brussels.

March

Second meeting of the JCC.

Visit to Canada of Mr Jenkins, Commission President.

July

Interim fisheries agreement between Canada and the EC signed in Ottawa.

September

Eleventh round of semi-annual consultations and sub-committee meetings held in Ottawa.

1979

January

Canada and the EC exchange letters on co-operation in steel research.

March

Twelfth round of semi-annual consultations and sub-committee meetings held in Brussels.

June

Canada and the EC sign a new fisheries agreement.

Visit to Ottawa and Toronto of Commission Vice-President Vredeling for talks with his Canadian counterparts on social and labour affairs.

Visit to the Commission of ten Canadian mayors, one from each province.

October

Thirteenth round of semi-annual consultations and sub-committee meetings held in Ottawa.

December

Third meeting of the JCC in Brussels.

Visit of Secretary of State for External Affairs MacDonald to the Commission.

Memorandum of understanding signed in Brussels on the Energy Bus System, with a Canadian Energy Bus to tour EC countries.

Visit to Ottawa of Mr Cheysson, Commissioner responsible for development policy, for talks with Secretary of State for External Affairs MacDonald, the President of the Canadian International Development Agency, Mr Dupuy, and the President of the International Development Research Centre, Mr Head.

1980

April

Fourteenth round of semi-annual consultations and sub-committee meetings held in Brussels.

May

Visit to the Commission of Canadian Secretary of State for External Affairs MacGuigan for discussions with President Jenkins and Vice-President Haferkamp.

Visit to the Commission by twelve Canadian mayors, one from each province and territory.

July

Visit to Ottawa, Quebec, and Toronto of Commission environment experts for talks with their Canadian federal and provincial counterparts.

August

Visit to Ottawa of Mr Cheysson, Commissioner responsible for development questions, to meet with Prime Minister Trudeau and Minister for Regional Economic Expansion de Bane as well as other ranking officials.

October

Visit to Ottawa of Count Davignon, Commissioner responsible for industry matters.

Sources: Commission of the European Communities, Brussels; Mission of Canada to the European Communities, Brussels; various news releases and communiques by the Department of External Affairs in Ottawa as well as the Delegation of the Commission of the European Communities, Ottawa.

C. CANADA - EC TRADE

Canadian Exports to EC, 1958-1980
(in 1000 $Can.)

	Six	Nine
1958	421,739	1,211,355
1959	315,767	1,118,184
1960	438,582	1,366,556
1961	488,965	1,414,203
1962	454,879	1,380,346
1963	474,662	1,498,772
1964	555,288	1,777,624
1965	625,794	1,826,000
1966	636,746	1,785,071
1967	677,234	1,877,662
1968	746,957	1,983,227
1969	836,960	1,962,399
1970	1,188,975	2,689,502
1971	1,085,879	2,466,513
1972	1,116,138	2,492,032
1973	1,498,485	3,109,077
1974	2,088,408	4,058,020
1975	2,267,232	4,077,775
1976	2,560,538	4,453,738
1977	2,647,936	4,655,770
1978	2,757,638	4,835,412
1979	4,466,811	7,191,129
1980	6,029,678	9,419,163

Source: Dominion Bureau of Statistics/Statistics Canada

Canadian Imports from EC, 1958-1980
(in 1000 $Can.)

	Six	Nine
1958	245,418	781,216
1959	299,277	907,466
1960	292,809	893,801
1961	309,223	942,904
1962	334,938	916,103
1963	341,574	886,893
1964	405,672	1,980,707
1965	514,199	1,160,072
1966	550,619	1,226,054
1967	626,630	1,335,721
1968	661,581	1,393,734
1969	789,157	1,623,624
1970	805,008	1,586,919
1971	935,334	1,816,160
1972	1,149,474	2,164,001
1973	1,392,784	2,481,781
1974	1,813,404	3,044,956
1975	1,982,054	3,313,800
1976	1,925,446	3,180,066
1977	2,235,473	3,638,334
1978	2,880,293	4,643,666
1979	3,463,118	5,589,256
1980	3,341,897	5,532,519

Source: Dominion Bureau of Statistics/Statistics Canada